

Governance

Concepts and Global Perspectives

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Dedicated
To

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Chapter One

Governance

1.1 Conceptualization of Governance

Governance means the process of decision-making and the process of implementation of such decisions. It's a government's ability to make and enforce rules for delivering services, regardless of whether that the government is democratic or not. Governance is as old as human civilization. Now it is used as a buzzword of social science disciplines. Its manifestation and development have existed since the origin of human psychology, which was based on understanding of practical eruditions of governance through encompassing various facets of its existence. It mainly fosters interest of social science disciplines.

The current orthodoxy in development field is that democracy and good governance are mutually supportive. The quality of governance is different from the ends that governance is meant to fulfill. The government is an organization which can do its functions better or worse; thus governance is about execution, or what has traditionally fallen within the domain of public administration, as opposed to politics. An authoritarian regime can be well-governed, just as a democracy can be mal-administered. In this regards, Bo Rothstein (2011) said that it is not so easy to separate governance as implementation from the normative ends that government is meant to serve. It is not clear that a well-governed state is one that has efficient concentration camp guards as opposed to bribable ones. On the other hand, once one wants to introduce substantive ends as criteria for good government, it is hard to know where and when to stop. As Rothstein says that the existing worldwide

governance indicators embeds a number of normative policy preferences that color the final results. He further argues that the use of the criterion of impartiality solves this problem as it is both normative and embeds what most people understand by the good government. As per this definition, quality of governance can be evaluated through procedural measures, input measures, output measures, and measures of bureaucratic autonomy.

Governance is much talked about subject and it is an effort of all states, societies and organizations to achieve minimum of governance for ensuring their sustainability. Governance describes the “mechanisms an organization uses to ensure that its constituents follow its established processes and policies”. It is the primary means of maintaining oversight and accountability in a loosely coupled organizational structure.

A recent textbook identifies the core meaning of governance as steering and coordination of interdependent actors based on the institutionalized rule systems (Benz, 2004). This definition seeks to cover all three understandings of the concept that have been presented in literature. Governance is seen as belonging primarily to the realms of politics, polity or policy.

1. Beate Kohler-Koch relates governance to the politics dimension and to the process of policy-making. “In essence, ‘governance’ means in which the divergent preferences of citizens are translated into effective policy choices, about how the plurality of social interests are transformed into unitary action and the compliance of social actors is achieved” (Kohler-Koch, 1999). In the European Union (EU), “network governance” is assumed to be the predominant type of governance as distinguished from “statism”, “pluralism” and “corporatism” (Eising and Kohler-Koch, 1999). The crucial criterion to distinguish different types of governance is the relationship between public and private actors in the process of

policy-making. This places the concept in the context of terms like interest intermediation, or public-private relations.

2. Following Rosenau (1992), Renate Mayntz conceives of governance as a system of rules that shapes the actions of social actors. The governance perspective is thus explicitly conceptualized as an institutional one (Mayntz, 2004). Different modes of governance are situated on a spectrum that is delineated by the two opposing ideal types of “market” and “hierarchy”. Between these two types, a set of modes of governance can be identified, like “community”, “associations” and “networks” (Schneider and Kenis, 1996). It can be noted that these types are seen as “ideal types” rather than “real types”. Empirically, hybrid forms can be found since one mode of governance always entails elements of other modes of governance. Otherwise, effective steering and co-ordination would not be possible e.g. markets have to rely on a hierarchical authority in order to ensure that contracts are adhered to (Streeck and Schmitter, 1985).

3. Adrienne Heritier defines governance as a “mode of political steering” (Heritier, 2002). Hence, governance refers to the policy dimension. Policies can be distinguished according to their steering instruments. These steering instruments define how the particular policy goals should be achieved (Windhoff-Heritier, 1987). The state can apply different types of instruments to get certain social outcomes: command and control, incentive and supply, information, deliberation and persuasion, as well as social influence and control (Baldwin and Caves, 1999; Windhoff-Heritier, 1987).

4. In addition to the distinction of governance according to politics, polity and policy, a broad and a restricted way of defining governance may be distinguished. “In the encompassing sense, governance implies every mode of political steering by involving public and private actors,

including traditional modes of government and different types of steering from hierarchical imposition to sheer information measures” (Heritier, 2002). In the restricted sense, governance entails only “types of political steering in which non-hierarchical modes of guidance, such as persuasion and negotiation are employed, and public and private actors are engaged in policy formulation” (Heritier, 2002). The narrow definition of governance is explicitly established in opposition to traditional, hierarchical steering instruments. However, a narrow understanding of governance complicates the task of analytically grasping a broad range of different decision-making patterns and policy outputs. To include not only non-hierarchical, co-operative and soft modes, such a classification scheme refers to “modes of governance and government” (Heritier, 2002), the latter covering the more hierarchical, etatist and heavy-handed end of the continuum.

1.2 Characteristics of Governance

Governance is now fashionable, but the concept is as old as human history. Many academics and international practitioners employ governance to connote a complex set of structures and processes, both public and private, while more popular writers intend to use it synonymously with ‘government’. Governance refers to the characteristics that are associated with a system of national administration. The New Webster’s International Dictionary defines the term in the same way as journalists from the New York Times or The Economist: ‘act, manner, office, or power of governing; government’, ‘state of being governed’, or ‘method of government or regulation’. As Morten Bøas commented, before being studied at the global level, governance was employed generically in the academic discourse. It was widely used in relationship to business literature about the micro-behaviour of firms. Goran Hyden

argues that it refers mainly to running governments and other public agencies or private ones with social purposes. Analysts of international relations and international civil servants, in contrast, now use the term to describe phenomena that go beyond a synonym for 'government' and the legal authority with which such policies are vested. For instance, the Commission on Global Governance defines 'governance' as 'the sum of individuals and institutions, public and private, manage their common affairs. It is a continuing process through which conflicting or diverse interests may be accommodated and co-operative action may be taken.' James Rosenau is the US academic associated with the term. And for him, whether at the grassroots or the global levels, it 'encompasses the activities of governments, but it also includes many other channels through which "commands" flow in the form of goals framed, directives issued, and policies pursued'. Something of an intellectual cottage industry has arisen around the term over the past two decades. Since the early 1980s, 'governance' and increasingly 'good governance' permeated development discourse, especially research agendas and other activities funded by public and private banks and bilateral donors. Moreover, publications by scholars and eminent commissions used the term for the contemporary global problem solving. The emergence of governance can be traced at the country level to a disgruntlement with the state-dominated models of economic and social development so prevalent throughout the socialist bloc and of the Third World in the 1950s, 1960s and 1970s. At the international level, 'global governance' can be traced to a growing dissatisfaction among students of international relations with the realist and liberal institutionalist theories that dominated the study of international organizations in the 1970s and 1980s. Governance may be characterized as the manner in which power is exercised in the management of a country's economic and social resources. The World Bank identifies three distinct

aspects of governance: (i) the form of political regime; (ii) the process by which authority is exercised in the management of a country's economic and social resources for development; and (iii) the capacity of governments to design, formulate, and implement policies and discharge functions. Governance is viewed as the exercise of economic, political and administrative authority to manage a country's affairs at all levels. It comprises mechanisms, processes and institutions through which citizens and groups articulate their interests, exercise their legal rights, meet their obligations and mediate their differences.

The concept of governance denotes the use of political authority and exercise of control in the society in its relation to the management of its resources for social and economic development by encompassing the role of public authorities in establishing the environment in which economic operators function and in determining the distribution of benefits as well as the nature of the relationship between the ruler and the ruled. Governance comprises the institutions, processes and conventions in the society which determine how power is exercised, how important decisions affecting society are made and how various interests are accorded a place in such decisions.

Governance includes formal institutions and regimes empowered to enforce compliance, as well as informal arrangements that people and institutions either have agreed to or perceive to be in their interest. Governance is ensuring respect for human rights and the rule of law; strengthening democracy; promoting transparency and capacity in the public administration. Governance refers to the process whereby elements in the society wield power and authority, and influence and enact policies and decisions concerning public life, and economic and social development. Governance is a broader notion than government. Governance involves

interaction between the formal institutions and the civil society. The concept of governance refers to the complex set of values, norms, processes and institutions by which society manages its development and resolves conflict formally and informally. It involves the state, but also the civil society at the local, national, regional and global levels.

Moreover, there are some other characteristics of governance discussed as follows:

The concept of governance has been applied to the processes through which the public decisions are made. Landell-Mills and Serageldin (1991) define governance as "...the use of political authority and exercise of control over a society and the management of resources for social and economic development." This definition emphasizes the political nature and the management aspect of governance but it does not define the nature of relationship between the authorities and the public. Another definition is offered by Charlick (1992) for the USAID Africa Bureau Democracy and Governance Program, as Governance is "... the effective management of public affairs through the generation of a regime which set rules, accepted as legitimate for the purpose of promoting and enhancing societal values sought by individuals and groups" (Charlick, 1992, p 3). The definition of Charlick provides a more normative dimension to the concept in terms of the outcomes of the process and the nature of the relationship between "power holders" and the "rest of society". It is also spoken about the quality of the management process. All in all these definitions are reflected in the following characteristics which many observers attribute "good governance." The Cotonou Partnership Agreement defines good governance as "The transparent and accountable management of human, natural, economic and financial resources for the purposes of equitable and sustainable development, in the context of a political and institutional environment that upholds human

rights, democratic principles and the rule of law" (Cotonou Partnership Agreement Art 9.3). Other definitions range between social and political concerns and those of a more technical economic nature. An overview of donors' definitions illustrates these different perspectives well: Technical dimension: "economic aspect of governance, namely the transparency of government accounts, the effectiveness of public resources management, and the stability of the regulatory environment for private sector activity" (IMF); Social dimension: "to build, strengthen and promote democratic institutions as well as tolerance throughout society" (OSCE); Political dimension: "the legitimacy of government, the accountability of the political elements of government and respect of human rights and the rule of law" (OECD, 1997). Concerning the definition above one has to distinguish different characteristics of Good Governance as there are in example openness, participation, legitimacy, transparency, effectiveness, efficiency, accountability, availability, predictability or coherence (OECD, 1997; Wimmer, 2004; COM, 2001).

1.2.1 Openness

Openness means that the decision-making institutions should work in an open manner. Under the European Union, the institutions should actively communicate together with the member states about what the EU does and which decisions it takes. The institutions should use a language which is accessible and understandable for general public because it is imperative to build trust and confidence in the complex institutions.

1.2.1 Participation

Participation refers to the involvement of citizens in the development process. Beneficiaries and groups affected by a project need to participate that the government is able to make informed choices with respect to their needs and social groups can protect their rights. Participation in governments can be promoted by improving interface between the public and private sectors, empowering local government by letting it take ownership of a project or using NGOs' as vehicles for mobilizing and reaching project beneficiaries. Improved participation is likely to create more confidence in the end result and in the institutions which deliver policies. Therefore, participation depends on central governments following an inclusive approach when developing and implementing (EU) policies. Participatory democracy is a process emphasizing the broad participation of constituents in the direction and operation of political systems. While etymological roots imply that any democracy would rely on the participation of its citizens, traditional representative democracy tends to limit citizen participation to voting leaving actual governance to politicians, which means participatory democracy strives to create opportunities for all members of a political group to make meaningful contributions to decision-making, and seeks to broaden the range of people who have access to such opportunities.

1.2.2 Legitimacy

Legitimacy is a measure of the political acceptability or perceived fairness of an assessment to a user. A legitimate assessment process is one which has been conducted in a manner which allows users to be satisfied that their interests have been taken into account and that the process has been a fair one. In other words legitimacy means the publics'

acceptance of the authority of those in power, therefore the existence of a sanctioned set of rules, processes and procedures. The participants must believe that their interests, concerns, views and perspectives were included and given appropriate weight and consideration.

1.2.3 Transparency

Transparency is an important principle of good governance and refers to the availability of information to the general public and clarity about the government rules, regulations and decisions. It can be strengthened through the citizens' right to information with a degree of legal enforceability. Transparency in government decision-making and public policy implementation reduces uncertainty and may help inhibit corruption among public officials. This implies that stakeholders are answerable to those whom they represent on the fulfillment of their obligations, and that they undertake to inform and consult their constituencies at regular intervals. This will require clearly delineated tasks and responsibilities, effective flows of information and mechanisms ensuring that decisions and sanctions are enforced. In terms of the quality of public services, the principle of transparency underpins the need for regulations to be as clear, straightforward and accessible as possible in their drafting, promulgation, codification and dissemination. Transparency of regulations is also important to the performance of economy, last but not least because it guards against special interests gaining undue influence in markets. It generates greater trust on the part of consumers. It assures and satisfies investors that there is a level playing field and encourages new entrants to sectors.

1.2.4 Effectiveness and Efficiency

Policies have to be effective delivering what is needed on the basis of clear objectives, an evaluation of future impact and in case of availability of past experience. Effectiveness moreover depends on implementing policies in a proportionate manner and on taking decisions at the most appropriate level. The management of effectiveness includes particularly a technical dimension because effectiveness concerns the ability of public bureaucracies to skillfully and efficiently transform public resources into services and infrastructure which correspond to publicly determined priorities. Performance orientation and transparent procedures are key facts of effective public management. Effective regulation requires clear, achievable objectives and ensuring that these policy goals remain to the fore throughout the regulatory process. An objective-led approach to regulation places greater emphasis on performance and outcomes. However, the assumptions underlying the stated objective must also be clear. These are the important events, conditions or decisions outside the regulation that must nevertheless prevail for the objective to be attained. Further, an associated element of regulatory effectiveness is the need to minimize unintended outcomes. That means avoiding the creation of unnecessary barriers which can frustrate and inhibit innovation, repress economic activity by reducing entry and exit to particular sectors and markets. Therefore, effectiveness is also ensuring that regulations are precise, not only in identifying the right targets, but also in confining the extent of their impact. In fact that means doing the right things in the right way. This raises the question of downstream enforcement and compliance with regulations. This is often inadequately considered in terms of identifying acceptable and unacceptable levels of compliance, the range of enforcement options available and the likely costs involved. These aspects are

important because they will ultimately determine whether or not regulations are observed.

1.2.5 Accountability and Availability

Roles in the legislative and executive processes need to be clearer. Each institution has to explain and take responsibility for what it does, especially EU institutions in Europe. But there is also a need for greater clarity and responsibility from member states and all those involved in developing and implementing European policy at whatever levels. Furthermore, accountability is assured by the process for selecting power holders and by the procedures by which public decision-making processes and the results they produce are held up to public scrutiny and feedback. Accountability is fundamental because of the complexity of the regulatory process and the range of participants involved. The concept of a regulatory chain is often used to describe the regulatory process and it is critically important that the links in that chain from originator to regulated party are clearly defined. Regulatory accountability means having clarity and certainty about the roles of: those originating regulation; those who must enforce or otherwise achieve compliance; the regulated parties; those charged with adjudicating on the appeals; and those reviewing and evaluating. However, given the complexity and evolving nature of regulatory institutions and roles, changes in one regulatory area or to the responsibilities of one agency may have knock-on effects in other areas. Of particular importance is the question of fair, open, efficient and effective appeals procedures. Increasingly, this aspect of accountability has informed developments within the public service, for example, through initiatives to improve customer service and through the work of the ombudsman. There is a need to ensure that this concept is replicated and expanded within the regulatory

framework, including sectorized regulatory areas. In practice accountability means that decision-makers in the government, private sector and civil society organizations are accountable to the public, as well as to institutional stakeholders. Concerning to these aspects availability of information includes that information flow is the currency of all linkages between civil society and government. It permits the public to judge the effectiveness of those in power and their bureaucracies. The public ability to participate and to hold those in power accountable depends on the availability of information about laws, procedures and results.

1.2.6 Predictability

One country's legal basis has to be conducted by development. A government must be able to regulate itself as per laws, regulations and policies which encompass well defined rights and duties, mechanisms for their enforcement and impartial settlement of disputes. Therefore, predictability means the fair and consistent application of these laws and implementation of the government policies.

1.2.7 Coherence

Policies and actions have to be coherent and easily understood. The need for coherence in the European Union is increasing because the range of tasks has grown, the enlargement will increase diversity and challenges such as climate and demographic change cross the boundaries of the sectorized policies on which the European Union has been built, regional and local authorities are increasingly involved in the EU's policies. As a result, coherence requires political leadership and a strong responsibility on the part of the institutions to ensure a consistent approach within a complex system.

Characteristics mentioned above tend to be supportive and reinforcing. Accountability is related to participation and is the safeguard of predictability and transparency. In the absence of accountability to the affected group's predictable decision-making of autonomous government agencies may result in the placing agency interests above those of the former. Also transparency and information openness cannot be assured without legal frameworks which balance the right to disclosure against the right of confidentiality and without institutions which accept accountability. Furthermore, predictability in the functioning legal framework would be helpful for ensuring the accountability of public institutions. Also predictability requires transparency because without information about how similarly placed individuals have been treated it may be difficult to ensure adherence to the rule of equality before the law. Finally, a transparent system facilitates governmental accountability, participation and predictability of outcomes.

1.2.8 Civil society, Government, and Governance

A consolidated democracy as basis for good governance requires "civil society", which can be defined as an arena of the policy where self-organizing groups, movements and individuals attempt to articulate values, create associations and solidarities and are able to advance their interests relatively autonomous from the state. In example, the term "civil society" includes trade unions, employers' organizations, non-governmental organizations, professional associations such as journalists or lawyers, grassroots organizations, women's groups, neighborhood associations, religious groups or intellectual organizations. Furthermore, this definition is to be complemented by an additional description of the relationship between civil society and government. This relationship includes understandings for civil society in example civil

society as a source of stability and legitimacy for government; civil Society as a source of resistance against arbitrary, oppressive and overweening government; civil society as independent of government exists prior to government; civil society as dependent of government for providing for its legal structure, its recognition or fiscal support; civil society as developing in partnership with government; civil society as substituting for the failings of government (Benedek, 2006). That means in practice that governments must be under the attention of the system of checks and balances in order to become closer to the ideal of good governance for which civil society is part of.

1.2.9 Governance and Sustainability

Sustainability cannot be achieved without good governance. With growing tensions over globalization and regionalization, traditional systems of regulation are being subjected to growing pressure for reform. While states will continue to play a significant, if changed, role in the future, the importance of players from business and civil society is increasing. Sustainable development requires this change. Such an intra and intergenerational concept cannot be achieved with a top-down approach, but rather needs participation of all. Therefore, in fact, the governance of sustainable development requires the exploration of new forms of both social co-operation and confrontation. By doing so the different levels such as global and local, players such as the state, company and civil society, control structures as hierarchy, market and public-private and fields of action need to be taken into consideration.

1.3 Importance of Governance

Governance is important for several reasons. It not only gives the local community confidence in its council, but also improves the faith that elected members and officers have in their own local government and its decision-making process. It also leads to better decisions, helps local government meet its legislative responsibilities and necessarily provides an ethical basis for governance.

1.3.1 Promotes Community Confidence

People are more likely to have confidence in their local government if decisions are made in a transparent and accountable way. This helps people feel that local government will act in the community's overall interest, regardless of differing opinions. It also encourages local governments to remember that they are acting on behalf of their community and helps them understand the importance of having open and ethical process which adhere to the law and stand up to scrutiny.

1.3.2 Encourages Elected Members and Council Officers with Confidence

Elected members and council officers feel better about their involvement in the local government when good governance is practiced. Councilors will be more confident that they are across the issues, that they can trust the advice they are given, that their views will be respected even if everyone does not agree with them, and the council chamber is a safer place for debate and decision making. Officers will feel more confident in providing frank and fearless advice which is acknowledged and respected by councilors.

1.3.3 Leads to Better Decisions

Decisions that are informed by good information and data, by stakeholder views, and by open and honest debate will reflect the broad interests of the community. It does not assume that everyone will think each decision is the right one. But members of the community are more likely to accept the outcomes if the process has been good even if they do not agree with the decision. They will also be less tempted to continue fighting or attempting to overturn the decision. So, even the difficult and controversial decisions are more likely to stick.

1.3.4 Helps Local Government Meet Its Legislative Responsibilities

If decision-making is open and able to be followed by observers, it is more likely that local governments will comply with the relevant legal requirements. They will also be less likely to take shortcuts or bend the rules.

1.3.5 Supports Ethical Decision Making

Governance creates an environment where elected members and council officers ask themselves ‘what is the right thing to do?’ while making decisions. Making choices and having to account for them in an open and transparent way encourages honest consideration of the choices in the governance process. This is the case even when it differs from moral frameworks between individual means that the answer to ‘what is the right thing to do’ is not always the same.

1.3.6 Governance for Planning

Planning can be one of the most important and challenging factors for councilors. Strategic land use planning is a vital part of how a municipality will develop in future. Statutory planning decisions are complex and often controversial. They demand high levels of knowledge and understanding about the process, the statutory requirements and the different roles that a councilor has to play. It is necessary because governance involves a good decision-making process and being clear about the different roles.

1.3.7 Statutory and Strategic Planning

Participation in the land use planning process is one of the major tasks of a councilor. Land use planning is also a key pressure point between councilors and their communities. Statutory planning involves administering the planning scheme and assessing permit applications. Strategic planning is used to describing activities relating to the future planning and development of the municipality. This type of planning highlights a number of governance issues relating to councilors’ involvement in land use planning.

1.3.8 Natural Justice and Keeping an Open Mind

As decision-makers on planning applications, councilors should not make up their minds before they have reviewed all the information and advice. It is relevant when councilors make public statement, or promise during election campaigns. Councilors can have opinions, but they must be able to show when they believe something based on what they know at a particular point of time, they are able to be persuaded to change their mind if provided with advice or information.

1.3.9 Strategic Planning

The most significant contribution of councilors to the planning process is when they establish the strategic framework in which decisions are taken. Their participation in the development and review of municipal strategic statement, local planning policy framework and local policy allows them to shape the vision for the municipality.

For this reason, councilors should ensure that they spend sufficient energy and time into policy development and review. While it may not have any intensity of a controversial local planning application, it has a greater impact on the future than any single decision on a specific planning application.

1.4 Importance of Corporate Governance

With globalization vastly increasing the scale of trade and the size and complexity of corporation and the bureaucracy constructed to control it, and the importance of governance and internal regulation has been amplified as it is difficult to regulate externally. Now, we will describe four issues which are keys to understanding the importance of corporate governance:

1.4.1 Integrity

Perception is in the eye of the beholder, and governance, while a technical term for accountants, lawyers and the like, is known by the readers of the popular newspapers by their names such as honesty, decency, and fairness and so on. Similarly, what the professional would call questionable practice in this arena is criticized by the general public by using words such as rip-off, cheating and crooked. The key point is whether the top management of large organizations is seen as integrity in the eyes of the general public. It is the spirit that gives the support

to the principle of setting up the Committee, not simply a desire to lay down some rules on the financial aspect of governance to prevent innocent fund managers being misled by greedy directors. And, it is such an integrity perceived and actual which underlines the importance of governance, as it is the tool by which integrity can be encouraged, measured and projected.

1.4.2 Bonus Culture

The current financial crisis has brought into a sharp focus on the system of bonus and remuneration operated by financial institutions. It is argued that it encourages excessive risk taking and irresponsible lending. Combining with the complex financial instruments, the mainstream institutions are constructed to move the risk off their books. What is surprising to note that there is an excessive risk and irresponsible lending, which leads to the downfall of some of the lenders.

The importance of governance in this scenario is, in our minds, unquestionable. A better system of checks and balances picks up the warning signs that the level and criteria of lending get dangerous. The financial crisis can be an important extent attributed to failure and weakness in corporate governance arrangements, which does not serve the purpose to safeguard against an excessive risk taking in a number of financial services companies. Directors' pay and the bonus culture are seized upon by the special interest groups and the media as a single issue, not in the context of business and society as a whole, and are blinkered to the underlying factor by causing and by affecting remuneration. While the latter is a manifestation of good or bad governance, it misses the basic point that companies should be run well and responsibly-in every way, not simply in how they pay salary and bonus. In a well run company, good performance is rewarded as to attract

the talented people dedicated to improving performance, not simply doing a job. Good corporate governance provides proper incentives for the board and management to pursue objectives that are in the interests of the company and its shareholders and facilitates effective monitoring. Clearly, it is not in the best interests of the company for it to go out of business or be bailed out by the government. While the board, management and even the shareholders may feel that remuneration is fair, it is clear that current corporate policy is not in line with public perception. So in spite of the bonus culture being hijacked at times to attack business generally, the issue does highlight the importance of corporate governance and the need to assess the quality of the system of checks and balances in all sizes of the company.

1.4.3 Regulatory Framework

The importance of governance can be restated as the importance of good management. Good Governance is actually just good management and a failure of governance is a failure of management. Awarding bank and insurance company bosses generous bonuses and pension packages after government bailouts of failing institutions, apart from being a huge public relations gaff is rewarding poor management and poor management itself. But while reform is needed, a knee-jerk reaction will result in building a sledgehammer to miss a nut. The regulators openly admit that they do not understand the complex financial instruments, which ultimately leads to the collapse of the financial system. Constructing new regulations to control circumstances, which are yet to emerge- every crisis has different causes- is a futile task. Restricting the range of product available to address the problem has major implications on innovation and consumer choice. Some of the knock-on effects are the products which become more

expensive; large providers will not take on certain sectors of society because they are not profitable; and niche providers providing those innovative products will cease to operate, or be closed down by the regulators.

The importance of corporate governance in the financial markets is particularly topical but the solution to the bad governance is universal, and any system of regulation needs to strike the right balance between encouraging innovation and customer choice and enforcing a minimum set of standards. Fundamentally, though, it provides the incentives to go far beyond these minimum standards and try to demonstrate that the long term rewards are actually greater. Just as punitive tax regimes encourage evasion, avoidance or relocation. It can be proved that the regulatory burden has caused people to invent more and more complex system to avoid detection. There is, of course, an excellent regulation which has improved the consumers' fate by forcing companies to disclose information, reduce costs/charges and act in a fair manner in general.

1.4.4 Importance of Corporate Governance in Directors' Training

A corollary to the focus on behavior and the behavior of senior employees is the attention by being paid to the qualification of the senior people to carry out their duties and responsibilities. In practice, most of the large organizations look for suitable professional qualification in their senior staff, and there is an increasing number of organizations offering non-executive director training and selection services.

1.5 Governance and Development

The promotion of good governance has become one of the pillars of development policies proposed by a large majority of development aid agencies. Good governance is a pre-requisite for development.

Governance is an important factor for economic development. There is a broad agreement that governance is crucial for development but much of the consensus about how governance matter is still very deficient. Serious debates have emerged about the types of governance that are important, and the sequencing of governance reforms in the developing countries.

1.5.1 Governance Debates

Governance debate needs to be understood in the context of broader debates within development economics and development policy. Up to the 1970s, the consensus in the development policy was that states needed to intervene to correct market failures. The post-colonial experience of the developing countries was based on the poor experience of many significant developing countries like Bangladesh, India, with free-trade policies during the colonial period which had resulted in poor economic performance. Developing countries under colonial free-trade had become poorer relative to the imperial countries. The post-war consensus in the 1950s and 1960s was that the developing countries needed to address the market failures that had resulted in their stalled progress with industrialization and growth. Unfortunately, the results with state intervention in this period were problematic in most of the developing countries. While most countries with infant industry policies performed better than they had under colonialism, many faced growing problems with budget deficits, balance of payments deficits, or other fiscal problems by 1970s. The liberal revolution in development economics and policy thinking that took place in the 1980s had a critical

effect on the debate about the role of the state and about the governance capabilities that developing countries should aim to achieve. Instead of responding to the experience of 1960s and 1970s by focusing on how to develop effective state capabilities to address market failures more effectively, the new consensus argued that market failures were due to the state interventions themselves. So, market failures should be reduced by reducing government intervention and by reducing transaction costs in markets through the stabilization of property rights, achieving a rule of law and other reforms that have collectively come to be known as good governance reforms.

1.6. Challenges in Global Governance

1.6.1 The looming Challenges

Over many years the G-8 Research Group has emphasized the critical importance of the shared democratic character of the G-7 states. But, while the initial rationale for integrating Russia with the G-7 was an effort to ensure Russia's further turn away from authoritarian government, as the years passed it became increasingly difficult to argue the democratic character of Russia. Once the question of enlargement grew prominent, it was evident that the addition of key rising powers like China would be a further dilution of values-based solidarity. But with just a measure of scrutiny it becomes apparent that democracies do not necessarily share the same norms and values, and it is certainly possible for authoritarian and democratic regimes to share norms and values in realms other than domestic governance. Thus, both India and Brazil, democracies for sure, disagree with traditional European states, the United States, and Canada over the principle of humanitarian intervention and the "responsibility to protect." And in this case, China agrees with both India and Brazil.

Indeed, analysts reflecting back on the 19th century concert, including monarchical and more democratic regimes, have suggested that what is required is “fundamentally compatible views of what constitutes a stable and acceptable international regime.” While in the world of great powers and great power rivalry such a minimum common denominator might have sufficed, in the more complex contemporary world of global governance it is very likely insufficient in the contemporary concert setting of today’s G-x process.

Enlargement may well pose serious challenges. The increase to a G-20 brings diversity and raises the challenge to collaborative decision making in global governance. While it is the case that traditional powers have often disagreed, their disagreements have been principally over particular policy alternatives and not fundamental differences regarding norms and values in the international system. The “values gulf” today between rising and traditional powers threatens to weaken, perhaps fundamentally, G-x global governance institutions just as it has eroded collaboration in the Bretton Woods-UN formal institutions. The most acute aspects of the values gulf among the enlarged leadership are described below:

1.6.2 National Sovereignty and Noninterference in the Domestic Affairs

In the enlarged leadership of G-x, there are strong differences over contending concepts and priorities regarding national sovereignty-also known as noninterference in the domestic affairs of other states. China has long defended the most traditional notions of national sovereignty. But China is not alone. Both India and Brazil also strongly support noninterference in such contexts as responsibility to protect and humanitarian intervention. The jealous defense of the state’s prerogatives has extended to other policy debates as well.

1.6.3 Developmentalism

International political appeals to the development gap and attacks on the unfair advantages of the wealthy industrialized states are a staple of the trade and finance debates and of others as well. The rising states regularly point to the gulf between the North and the Global South, demand greater equity and participation for the Global South, and insist on satisfaction for the interests of the Global South as the price of agreement. Bringing this north-south divide into the leadership club itself only raises the difficulties of reaching consensus and collective action.

1.6.4 Universalism and Hierarchy

Universalism versus hierarchy is a basic question for how multilateralism is organized-the sovereign equality of one-country, one-vote principle as in the WTO, or stratified levels of status. Hierarchy allocates differences in influence levels, whether within larger universal settings as the UN Security Council or in smaller clubs that give some states greater sway than others. As has been pointed out above, universalism remains the operative principle in many organizations and is important for many G-172 states as a means of preserving influence. While the G-x process has been strongly attacked as being overly exclusive, universalist-style multilateralism has been shown too often- the Doha Round in the WTO or the Copenhagen Conference on climate change- as a recipe for the paralysis.

1.6.5 The Domestic Political Challenge

Domestic politics have become a growing constraint on leaders. The essential structure of the US governance system, with its checks and balances, has constrained all US administrations' freedom of action. But the American political culture--including an overarching suspicion of the international community and tradition of "exceptionalism"--has put an added brake on international cooperation. Stewart Patrick describes the constraint this way:

"And, yet it remains political suicide for any US aspirant to elective office to speak of moving "beyond sovereignty, "or indeed to speak the language of "global governance" given the undercurrent of suspicion that international institutions are running roughshod over the US Constitution."

But the US democratic system is hardly the only domestic constraint on an influential nation. Chinese leadership, too, is increasingly constrained. The premium it places on the collective decision making and domestic political potency of nationalism severely limits the options of Chinese leaders. And for the Chinese leadership, the lack of institutionalized accountability makes its policy prerogatives often quite brittle. Chinese public sentiment on issues is hard to define. Without elections as an arena for policy debate, the leadership is forced to troll through the blogs and portals of China's Internet.

1.6.6 The Paradox of the Existential Challenges

This analysis has taken us on a bit of a voyage into the contemporary realm of informal global governance institutions and the ability of this G-x galaxy of global governance to organize collective decisions and meet the challenges facing the global economic and political system. The G-x system has been both harshly criticized and frequently dismissed as irrelevant. For proponents of traditional multilateralism, these

G-x institutions could not possibly take the place of treaty-made and legally binding decisions by formal institutions. From a traditionalist perspective, and in the chaotic world of contemporary multilateralism, the G-x process represents "settling" for a lesser form of the collective decisions. However, the above analysis has cast the G-x process in a different light. This system of G-x institutions--though informal- is an influential world of summits and wider support structures that have promoted collective decision making in economics, finance, development, global health, and potentially climate change. But the possible future scope stretches even beyond these issues to include politics, institutional reform, and security. The G-x process should be seen as a significant element of global governance, with a solid record, over the decades, of forging commitments and following through though in no way uniformly with implementation of collective decisions.

While the analysis paints an optimistic picture of the utility of the G-x process, it also identifies challenges that may slow or even cripple collective decision making. The enlargement from the G-8 to the G-20 and the diverse enlarged leadership has a strong "values gulf" that was absent from the earlier leaders summits. This values gulf could pose difficulty in forging collective policies at the G-20 leadership level. Further, it has become more obvious that domestic politics inhibits major states--certainly the United States, with a deep partisan divide, which renders the legislative process complex and, at times, paralyzing. But China suffers from the strictures of collective leadership and unpredictable politics. Overall the democratic deficit in the global governance confronts many leaders with significant rear guard resistance.

With these various new challenges, does this mean that we have already seen the high water mark on successful G-x collaboration? With the continuing dissension among experts

over what explains successful collective action, we cannot be sure what the most important factor in collective action is—though it would appear that structure, behavior, and contemporary context together provide favorable conditions. To be 21st century has brought tight international interdependence with heightened consequences for societies from the actions of others. As a paradox of interdependence, it may be that some of the most difficult issues—the existential problems of climate change and nonproliferation—could stir national interests enough to bring an auspicious collective decision-making moment.

1.6.7 East Asia's Challenge and Global Governance

Efforts to revitalize global governance are inexorably linked to the developments in East Asia. The region's newfound status as the primary driver of global economic growth and its rapidly increasing influence in world affairs make it abundantly clear that the manner in which East Asia evolves in the coming decades will have a substantial impact on global governance, for better or for worse. In order to minimize the potentially deleterious effects of East Asia's transformation, it is imperative that the international community work to fortify existing institutions and design novel frameworks capable of effectively addressing emerging challenges. Going forward, it is in the interests of all nations with concerns in the region—in particular Japan and the United States—to ensure that the region emerges in a manner compatible with the norms and principles of the current global system. Although East Asia receives considerable attention for its remarkable growth rates and expanding intraregional economic interdependence, the numerous challenges it faces outside of the economic sphere—the rapidly changing balance of power within the region and the emergence of a growing number of transnational threats to

stability—also have very important implications for global stability. These developments pose a direct threat not only to the security of individual states in the region but also to the sustainability of economic growth. The longer the region continues to lack an effective mechanism to tackle these issues, the greater the possibility of disruptive spillover into the global system will become. Perhaps the most significant challenge in East Asia is presented by the rise of China, a nation whose rapid economic growth and increasingly assertive foreign policy have transformed the geopolitical landscape in the region. This development has presented a unique challenge for policy makers in many neighboring countries, many of whom seek policies that balance cooperation and engagement with “hedging” against uncertainty concerning China's future course.

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Chapter Two

Good Governance

2.1 Conceptualization of Good Governance

In the present era, the terms ‘governance’ and ‘good governance’ are being increasingly used in development literature. Bad governance is being increasingly regarded as one of the root causes of all evil doings within our societies. Most of the donors and international financial institutions are increasingly basing their aid and loans on the condition that reforms the “good governance” to be undertaken. There is common tendency to use ‘governance’ as a synonym for ‘government’ by whom. This confusion of terms can have unfortunate consequences (Plumptre and Graham, 1999). The concept of ‘governance’ is as old as human civilization.

It is mentioned that, sometimes governance and government are used interchangeably, possibly because the former is regarded as a useful buzzword. Usually governance means government plus something else: public policies, institutions, and a system of economic relationships, or a role for the non-governmental sector in the business of the state (Smith, 2007).

The ‘governance’ means: the process of decision-making and the process by which decisions are implemented, or not implemented. Governance is used in several contexts: corporate governance, international governance, national governance and local governance (United Nations Economic and Social Commission for Asia and the Pacific). The World Bank and United Nations Development Programme (UNPD)

regard governance as the manner in which a country’s economic, social resources are managed, and power is distributed. Governance encompasses every institution and organization in society from the family to the state. This view of governance recognizes the importance for development of institutions, particularly private property and the rule of law. Governance has been defined as a network of private non-governmental bodies that have a role to play in the formulation and implementation of the public policy and the delivery of public services. Governance is government plus the private and third sectors (Smith, 2007). Government is one of the most important actors in governance. The other actors involved in governance vary depending on the level of government.

Good governance is not only for a type of government and its related political values but also for certain kinds of additional components. It implies government that is democratically organized within a democratic political culture and with efficient administrative organizations, plus the right policies, particularly in the economic sphere. At the constitutional level, good governance requires changes that will strengthen accountability of political leaders to the people, ensure respect for human rights, strengthen rule of law and decentralize the political authority. At the political and organizational level, good governance requires three attributes, which are common to governance agendas of most aid agencies: political pluralism, opportunities for extensive participation in politics, and uprightness and incorruptibility in the use of public powers and offices by the servants of the state. It’s another level of understanding is administration. So administratively, good governance requires accountable and transparent public administration; and effective public management, including a capacity to design good policies as well as to implement them (Smith, 2007). The UNDP defines good governance as: “The exercise of political, economic and administrative authority to

manage a nation's affairs is the complex mechanisms, processes, relationships and groups articulate their interests, exercise their rights and obligations and mediate their differences" (Ncube, 2005).

Good governance is a key factor in the global effort to eradicate poverty. Understanding of good governance is basically based on human rights. The threefold obligation of the state are respecting, protecting and fulfilling human rights. The principles of the development policy are guided by the following:

1. Strengthening country ownership of good governance.
2. Conducting a continuous, long term policy dialogue.
3. Promoting state and civil society.
4. Taking local realities, rather than blueprints, as a starting point and
5. Mainstreaming governance across all sectors.
6. Efforts to foster good governance take place in various fields including the following:
7. Threefold obligation: respect, protect and fulfill all human rights.
8. Democracy, rule of law and the media.
9. Gender equality
10. Administrative reform and decentralization
11. Good financial governance, transparency in the extractive industries and anti-corruption.

Good governance is perhaps the single most important factor in the alleviation of poverty through income distribution and human development. As to the necessity of good governance, United Nation's Millennium Declaration 2000 (UNMD), the

international community affirmed that good governance is importantly a key factor in the global effort to eradicate poverty. Development oriented action is an essential foundation for the stability of a society. Efforts to foster good governance fall within the area of democracy, civil society and public administration. The term governance refers to the way decisions are taken and policies are framed and implemented in the country. The focus of the good governance is on norms, institutions and procedures that regulate the actions of governmental, non-governmental and private sector players. There is no such specific or the standard of international definition of good governance. We understand the good governance as the basis of universal human rights and the principles derived from them. The ideal of good governance is based on the society's threefold obligations including respect for protection and fulfillment of all human rights. The state actors work as the bearer of the obligation. The citizens on the other hand are the holder of rights. Good governance is a pre-condition for development and the development goal is in its own right. The Federal Ministry for Economic Cooperation & Development (BMZ)'s catalogue of criteria for assessing the development orientation of partner countries defines key elements of good governance. By good governance, we understand that the state actors and institutions earnestly endeavor to frame policies in such a way that these are pro-poor, sustainable and also in line with the Millennium Development Goal (MDG). Once again, the good governance is directly connected with the human's broad objectives of poverty alleviation. Good governance helps us to promote broad-based economic growth and alleviate poverty. If the state respects and protects all human rights and earnestly endeavors to fulfill them for all its citizens, we define that the state has been acting in a development oriented manner. The states try to protect and maintain in the equitable fashion in respect of status, gender, age or ethnicity, religion or cultural group.

The action of the state is guided by democratic and rule-of-law principles. All these include popular participation, a responsible parliament, lawfulness of state control and an adequate division of powers. The government or the state in other words should also be able to manage the conflict constructively as well as non-violently. Key elements of the state administration are the efficiency and transparency. Once again, the citizen oriented administration includes the determination and the ability of the government to take effective action. The effective action of the government should be accompanied by efficiency as well as transparency. Finally, a co-operative stance within the international community is a further characteristic of a development orientation.

BMZ Catalogue of Criteria for Assessing Development Orientation:

1. Pro-poor and sustainable policies
2. Respect for protection and fulfillment of all human rights
3. Democracy and the rule of law
4. Efficiency and transparency of the state
5. Cooperative stance within the international community

As to the principles and field of action for the promotion of good governance, the objective of German development policies are to strengthen the transparency, accountability and efficiency of the state on the basis of democracy and rule of law. All these apply to cooperation with regional organizations too. Some of the leading principles for promoting good governance have been mentioned at the beginning of this manuscript on good governance in Germany. Along with the social reform process and the development policy, the desire for reform and the mobilization of local resources are decisive for the success of aid action. Ownership of good governance

can be promoted through long term policy conversation between partner governance and donors. The state requires the participation and involvement of civil society. The civil society can play an important role as far as human rights are concerned. Also, needed are the fair democracy and the rule of law. All these represent the interest of disadvantaged and discriminated sections of people. These, in turn, include the rights to health, education, water and food. There is nothing like a blueprint available for promoting the good governance. However, we take the account of the following instead including historical, cultural, political, economic and social context of governance. Also, we must take into account is the regional development.

Governance is taken as the key theme in all the sectors of a country. By making a sector specific project, we can make the good governance relatively more effective. For example, it is the human obligation of the society to provide drinking water, health and education to the people in any or all sections. In addition, if the action taken by the government is transparent and accountable, these will contribute directly to the alleviation of poverty. Once again, it is essential that we have good governance for a socially equitable economic policy. As to the levels of action, fields of actions and approaches, good governance can generally be promoted in various fields and the levels of action. The multi-level approach makes it possible to promote good governance at all levels. As to the fields of action and approaches, the various fields of action for the promotion of good governance are closely inter-connected.

The threefold obligation in any human society is the following:

- Respect for human rights.
- Protection of Human Rights

- Human rights define fundamental civil, political, social, economic and cultural rights for individuals.

The above threefold obligation requires that the state actors pursue those policies that guarantee equitable access to basic social service. Who are the state actors and what are the basic social services? The administration and governance at all levels are the state actors. The basic social services include health, education and water and the economic resource or the opportunity including land, capital and infrastructure. The basic social services also include the political resources. The main target group should be those sections of the population that are disadvantaged as a result of discriminatory mechanism. The disadvantaged people are often the ethnic group minorities, women, children and the disadvantaged. As to the democracy, rule of law and the media, the fundamental principles of democracy include free and fair election. Through the election, the people indirectly participate in the policy making and executive process.

As to the rule of law, law and justice or the reliable legal framework is important in improving the investment climate and promoting the pro-poor growth. The law offers the individual protection against the arbitrary action by the state. As to the approaches to the media section includes strengthening the independence of a free media promoting the professionalism of the journalists. It also includes promoting the access of information and communication technology.

2.2 Components of Good Governance

According to Villadsen (1999), good governance signifies a number of institutions and organizations, which govern the behavior of public bodies, inspire the conscious people, participation in government and control public-private relations.

Good governance consists of some important components by the assumption of minimizing corruptions to the present and future demands of the society with a view to knowing what poor or bad governance is. Because poor or bad governance is regarded as one of the main causes of all evil doings in our post-modern societies.

A World Bank booklet lucidly summarizes the major symptoms of poor governance, which are as follows:

- 1) Failure to make clear separation between what is public and what is private hence a tendency to direct public resources for private gain.
- 2) Failure to establish a predictable framework for law and government behavior, conducive to development or arbitrariness in the application of rules and laws.
- 3) Executive rules, regulations, licensing requirements and so forth, which impede, functioning of markets and encourages rent seeking.
- 4) Priorities, inconsistent with development, resulting in a misallocation of resources.
- 5) Excessively and narrowly based or non-transparent decision making. The other symptoms of poor governance are “excessive costs, poor service to the public and failure to achieve the aims of the policy (Mollah).

The main elements of good governance are as follows:

- a) Accountability
- b) Participation
- c) Rule of Law
- d) Consensus Oriented

- e) Respect for Human Rights
- f) Judicial Independence
- g) Transparency
- h) Abuses of Corruption
- i) Freedom of Information
- j) Administrative Competence
- k) Administrative Neutrality: merit-based public service (Plumptre John Graham, 1999).

2.2.1 UNDP's View about Good Governance

Good governance ensures participation, transparency and accountability in an effective and equitable way. And, it makes the rules of law promotion. Good governance ensures that political, social and economic priorities are based on the broad consensus in society and that the voices of the poorest and the most vulnerable are heard in decision-making over the allocation of the development resources.

Governance stands on three legs: economic, political and administrative. Economic governance includes decision-making process that affect a country's economic activities and its relationships with other economies. It clearly has major implications for equity, poverty and quality of life. Political governance is the process of decision-making to formulate policy. Administrative governance is the system of policy implementation. Encompassing all the three good governance defines the processes and structures that guide political and socio-economic relationships.

Governance encompasses the state, but it transcends the state by including the private sector and civil society organizations. What constitutes the state is widely debated. Here, the state is

defined to include political and public sector institutions. UNDP's primary interest lies in how effectively the state serves the needs of its people. The private sector covers private enterprises: (manufacturing, trade, banking, cooperatives and so on) and the informal sector in the marketplace.

Some say that the private sector is a part of civil society. But the private sector is separate to the extent that private sector's players influence social, economic and political policies in ways that creates a more conducive environment for the marketplace and enterprises. Civil society, lying between the individual and the state, comprises individuals and groups (organized or unorganized) interacting socially, politically and economically- regulated by formal and informal rules and laws. Civil society's organizations are the host of associations around which society voluntarily organizes. They include trade unions; non- governmental organizations; gender, language, cultural and religious groups; charities; business associations; social and sports club; cooperatives and community development organizations; environmental groups; professional associations; academic and policy institutions; and media outlets. Political parties are also included although they straddle the civil society and the state if they are represented in parliament.

The institutions of governance in the three domains (state, civil society and private sector) must be designed to contribute to the sustainable human development by establishing the political, legal, economic and social circumstances for poverty reduction, job creation, environmental protection and advancement of women. (Microfinance Development Centre, 2002)

2.2.2 Participation

Participation by both men and women is a key cornerstone of good governance (United Nations Economic and Social Commission for Asia and the Pacific). UNDP regards participation as a human right. Within the international aid community, participation is accepted as contributing to development in two main ways: increasing effectiveness of state interventions and empowering people, especially the poor. The World Bank believes that participation improves the effectiveness of development. The objective of participation is to strengthen the state capacity. UNDP stresses how development requires because governments cannot fulfill all the tasks required for the sustainable human development. This goal requires the active participation and partnership of citizens and their organizations. Voting is the most significant form of the political participation in the procedural model of democracy, where as the participative model prescribes as much direct involvement in the making and implementing democracy is associated with political equality. A stronger form of participation is a representative from designated groups can become members of the managing bodies of local institutions. Participation of this kind may combine the management of services with the organization of productive activity and exercise of influence on planners and decision-makers. A major benefit for this type of participation is that it can build up the asset of the poor.

Empowerment is another way to achieve strong participation. Dealing with one set of agencies enhances the ability to deal with others and to articulate demands beyond those associated with original. The poor become empowered when they develop a capacity to share ideas, experiences, problems and judgments about what action might be taken. Empowerment is likely to be more effective if there is a high level of literacy in the community and if countervailing power has been fostered among the weaker sections of society (Smith, 2007).

Relationships of dependency, economic isolation, client list and populist modes of political incorporation, competition between the rural and urban poor and the tyranny of work inhibit political participation, among the poor. Advocacy of participation as a means to empowerment is also confronted by the fact that politics is elitist, in the sense that only a small proportion of the population will join political organizations or engage in other forms of political action. Political action constitutes a very small proportion of their total range of activities. Aid donors themselves can even undermine empowerment through participation. If participation is to empower the poor, governments need to focus on the constraints imposed by material deprivation, limits to freedom of association, and official attitudes.

2.2.3 Accountability

The achievement of development objectives is likely to be assisted by stronger forms of political accountability. Political accountability is linked to human development because it is a necessary condition for democracy. It is a key requirement of good governance. Not only governmental institutions but also the private sector and civil social organizations must be accountable to the public and to their institutional stakeholders. Both social and economic development suffers if political accountability is weak. By making corruption more difficult, political accountability contributes to economic development. If accountability empowers the poor, pro-poor policies may be introduced with their attendant social and economic benefits.

2.2.4 Important Dimensions for Political Accountability Enforcement

The first dimension of political accountability requires ‘free and fair’ elections for all rule-making bodies authorized by the constitution. Fairness means the impartial administration of electoral laws. Free means equal opportunities for the exercise of essential freedoms. Freedom of speech is required for free election. Free elections entail freedom of association to form, or join a political party. Another requirement for free elections is freedom to participate to register as a voter, or a candidate and to campaign of equally difficult rules and procedures. Elections should be held at regular intervals so that those currently in office cannot postpone them indefinitely. The media should be given the opportunity to advocate, criticize, and not be overwhelmed by the government monopolies of election coverage. Elections need to be organized by a professional administration free from partisan manipulation. Fair elections require the prompt declaration of result.

2.2.5 Transparency

Transparency means that decisions taken and their enforcement are done in a manner that follows rules and regulations. It also means that information is freely available and directly accessible to those who will be affected by such decisions and their enforcement. It also means that enough information is provided in easily understandable forms and media (United Nations Economic and Social Commission for Asia and the Pacific). Transparency refers to the availability of information to the general public and clarity about government rules, regulations and decisions. Thus, it both complements and reinforces predictability. The difficulty with ensuring transparency is that only the generator of information may know about it, and may limit access to it. Hence, it may be useful to strengthen the citizens’ right to information with a degree of legal enforceability. For similar reasons, broadly

restrictive laws that permit public officials to deny information to citizens need to provide for independent review of claims that such denial is justified in the greater public interest. Access to accurate and timely information about the economy and government policies can be vital for economic decision making by the private sector. On ground of efficiency alone, such data should be freely and readily available to economic agents. While this is true across all areas of the economy, it is especially relevant is the case of those sectors that are intrinsically information intensive, such as the financial sector in general and capital markets in particular. Transparency in government decision making and public policy implementation reduces uncertainty and can help inhibit corruption among public officials. To the end, rules and procedures that are simple, straightforward, and easy to apply preferably to those that provide discretionary powers to government officials, or that are susceptible to different interpretations. However, well-intentioned the latter type of rules might be in theory, its purpose can be vitiated in practice through error or otherwise. In practice, though, it may sometimes be necessary to place limits on the principle of transparency. In doing so, it may be helpful to distinguish information as a commodity from information as a process. For example, intellectual property rights may need to be protected to encourage innovation and invention; but decision making on the establishment of intellectual property and rights thereto should be transparent (Microfinance Development Centre, 2002).

2.2.6 Rule of Law

Good governance requires fair legal frameworks that are enforced impartially. It also requires full protection of human rights, particularly those of minorities (United Nations Economic and Social Commission for Asia and the Pacific).

According to Dicey, the Rule of Law has three meanings as follows:

1. Absence of Arbitrary Power or Supremacy of Law

Rule of law means the absolute supremacy, or predominance of regular law as opposed to the influence of arbitrary power or wide discretionary power.

2. Equality before Law

The rule of law needs the equality of law, or equality subjection of all classes to the ordinary law of the land administered by the ordinary law courts. In this sense, no man is above the law.

3. Constitution is the Result of the Ordinary Law of the Land

In many countries right to personal liberty, freedom from arrest, freedom to hold public meeting are guaranteed by a written constitution. Those rights are the result of judicial decisions in concrete cases, which have actually arisen between the parties. The constitution is not the source but the consequence of the rights of the individuals. Thus, Dicey emphasized the role of the courts of law as grantors of liberty. The rule of law is necessary for political and economic development, including the alleviation of poverty. The rule of law is a foundation of democratic political development. An independent judiciary is the most important institution for resolving disputes between citizens and their governments. The rule of law is relevant to the alleviation of poverty. The poor are in particular need of the protection of life, personal security and human rights, which the rule of law can provide. Without

the rule of law the poor are also vulnerable to corruption, loss of property to government officials and insecurity. The rule of law is most obviously a foundation of democracy. It is relevant to social development that means alleviation of poverty.

2.2.7 Decentralization

The division of political and administrative powers territorially between different spatial entities in society is as important a constitutional matter as the allocation of powers between branches of government and the creation of rules within which they operate. According to USAID, “Effective decentralization can be provided exciting opportunities for democratic change at the local level and can help improve national democracy as well” (Smith, 2007). The World Bank argues that- “Successful decentralization improves the efficiency and responsiveness of the public sector while accommodating potentially explosive political forces” (Smith, 2007).

Decentralization becomes a source of democratic vitality when it gives people an experience of democracy. It can serve democratic consolidation by removing barriers to participation, strengthening the responsiveness and accountability of government. Legitimacy can also be served by democratic decentralization under the conditions of ethnic pluralism. Political decentralization can help by giving ethnic groups a degree of autonomy (Smith, 2007). Aid donors are emphasized three major benefits, which is derived from decentralization to the local government institutions:

- Democratic decentralization should be more effective way of meeting local needs than centralized planning.
- Another major aim of decentralization is to maintain political stability.

- Decentralization helps the poor by positioning power at the local level where they have a chance of capturing it.

Decentralization is an essential part of good governance and a key aspect of political and administrative reform. Local government institutions can be benefited in three ways by decentralization:

- Public policies become more responsive
- Democratic stability
- Poverty alleviation (Smith, 2007).

For a sustainable development good governance is a must and for good governance all of the prerequisites are required.

2.3 Good Governance and Human Rights

2.3.1 Good Governance

Good governance has appeared on the World Bank's agenda. One of the themes of the Bank's 1991 Annual Development Economic Conference was 'good governance'¹. On the relationship between development and governance, the Bank conceptualized governance to indicate the manner in which power and authority are exercised for development in the management of a country's economic and social resources. According to the International Monetary Fund, good governance is important for countries at all stages of development². It emphasizes on the importance of good governance in fields such as promoting public sector transparency and accountability. According to the UN Economic & Social Commission for Asia & the Pacific, good governance has eight major characteristics. It is participatory,

consensus oriented, accountable, transparent, responsive, effective and efficient, equitable and inclusive, which follows the rule of law.

The International Monetary Fund and the World Bank have instituted structural adjustment programmes imposing specific conditions upon a country suffering from economic malaise caused by the balance of payments deficits, high inflation, and sluggish GDP, and seeking financial help to meet those challenges. As a condition for lending development assistance, the Bank requires the recipient government to show effective performance and to promote further reforms³. Initially, the term good governance came to the international arena as a part of the initiatives of the World Bank to intend to ensure that the development assistance is used effectively. But it has broadened its dimension including political and social aspects, especially with emergence of the concept of sustainable development.

2.3.2 Human Rights

Human rights are those inalienable and essential rights which are universally possessed by each and every human being by virtue of being human. These are set out in the Universal Declaration of Human Rights of 1948 and codified and further spelled out in a series of international conventions. These lay down the minimum standards to ensure human dignity, drawing on the values found in different religions and philosophies. The states have identified these rights and protection and promotion of these rights are one of the major objectives of the democratic countries.

Good governance and human rights are mutually reinforcing. Human rights principles provide a set of values to guide the

¹ <http://www.uno.org>

² <http://www.imf.org/external/pubs/ft/exrp/govern/govindex.htm>

³ Nanda, Ved P., "The "Good Governance" Concept Revisited", <http://www.jstor.org/stable/25097772>, p. 271.

work of governments and other political and social actors. They also provide a set of performance standards against which these actors can be held accountable. Moreover, human rights principles inform the content of good governance efforts: they may inform the development of legislative frameworks, policies, programmes, budgetary allocations and other measures. However, without good governance, human rights cannot be respected and protected in a sustainable manner. The implementation of human rights relies on a conducive and enabling environment. This includes appropriate legal frameworks and institutions as well as political, managerial and administrative processes responsible for responding to the rights and needs of the population. From a human rights perspective, the concept of good governance can be linked to the principles and rights set out in the main international human rights instruments. Article 21 of the Universal Declaration of Human Rights recognizes the importance of a participatory government and Article 28 states that everyone is entitled to a social and international order in which the rights and freedoms set forth in the Declaration can be fully realized. The two International Covenants on Human Rights contain language that is more specific about the duties and role of governments in securing the respect for and realization of all human rights. Article 2 of the International Covenant on Civil and Political Rights requires states parties to respect and to ensure the rights recognized in the Covenant and to take the necessary steps to give effect to those rights. In particular, states should provide an effective remedy to individuals when their rights are violated, and provide a fair and an effective judicial, or administrative mechanism for the determination of individual rights, or the violation thereof. Under the International Covenant on Economic, Social and Cultural Rights, states are obliged to take steps with a view to achieving progressively the full realization of the rights recognized in the Covenant by all appropriate means.

The Human Rights treaty monitoring bodies have given some attention to the different elements of good governance. In general comment No. 12, on the right to food, the Committee on Economic, Social and Cultural Rights states that “good governance is essential to the realization of all human rights, including the elimination of poverty and ensuring a satisfactory livelihood for all.” The Committee on the Rights of the Child has on several occasions addressed the issue of governments’ capacity to coordinate policies for the benefit of the child and the issue of decentralization of services and policy-making. It has also addressed corruption as a major obstacle to the achievement of the Convention’s objectives. The Human Rights Committee generally addresses issues related to the provision of adequate remedies, due process and fair trial in the context of the administration of justice in each state. It regularly emphasizes the importance of independent and competent judges for the adequate protection of the rights set forth in the Convention⁴. The links between good governance and human rights can be organized in the following ways:

2.3.3 Democratic Institutions

When led by human rights values, good governance reforms of democratic institutions create avenues for the public to participate in policy-making either through formal institutions, or informal consultations. They also establish mechanisms for the inclusion of multiple social groups in decision-making processes, especially locally. Finally, they may encourage civil society and local communities to formulate and express their positions on the issues of service.

⁴ <http://www.ohchr.org/EN/Issues/Development/GoodGovernance/Pages/GoodGovernanceIndex.aspx>

2.3.4 Delivery

In the realm of delivering state services to the public, good governance reforms advance human rights when they improve the state's capacity to fulfill its responsibility to provide public goods which are essential for the protection of a number of human rights, such as the right to education, health and food. Reform initiatives may include mechanisms of accountability and transparency, culturally sensitive policy tools to ensure that services are accessible and acceptable to all, and paths for public participation in decision making.

2.3.5 Rule of law

When it comes to the rule of law, human rights sensitive good governance initiatives reform legislation and assist institutions ranging from penal systems to courts and parliaments to better implement that legislation. Good governance initiatives may include advocacy for legal reform, public awareness-raising on the national and international legal framework and capacity-building, or reform of institutions.

2.3.6 Anti-Corruption

In fighting corruption, good governance efforts rely on principles such as accountability, transparency and participation to shape anti-corruption measures. Initiatives may include establishing institutions such as anti-corruption commissions, creating mechanisms of information sharing, and monitoring governments' use of public funds and implementation of policies.⁵ Along with it, gender equality and sustainable environment are also important objectives that can

be achieved with the help of good governance. The proper implementation of good governance will lead towards the realization of the Millennium Development Goals as well as the concept of development as the world needs at the hour. Good governance will ensure equitable sustainable development marked by active citizens' participation, absence of injustice and corruption and in this way contribute towards the protection of human rights.

2.4 Good Governance and Public Administration

The term “good governance” has been extensively used within the international community in the last fifteen years and has acquired the characteristics of a “container concept”, which incorporates a variety of principles and is as general as concepts such as globalization, or global governance. Any attempt to define it would lead to a long discussion of *what* is governance as well as to a normative search of *what* is “good”. Good governance is a term different to governance which is mainly a political and technocratic term without normative aspirations and suggests that governance should be “good” and not “bad”.

Most international organizations provide definitions of governance rather than of good governance. The World Bank for example, outlines three aspects of governance: i) the type of the political regime, ii) the public management of economic and social resources, and iii) the capacity of government to design, formulate and implement policies. The former UN Secretary General Kofi Annan describes good governance as a force ensuring respect for human rights and the rule of law, strengthening democracy, promoting transparency and capacity in public administration. Recently, the use of the term good governance has been expanded to include more than multiparty elections, a judiciary and a parliament. The areas of interest are

⁵www.ohchr.org/EN/Issues/Development/GoodGovernance/Pages/GoodGovernanceIndex.aspx

numerous: “universal protection of human rights non-discriminatory laws; efficient, impartial and rapid judicial processes; transparent public agencies; accountability for decisions by public officials; devolution of resources and decision making to the local levels from the capital; and meaningful participation by citizens in debating public policies and choices”. Good governance has thus become an elastic term rather than a concept in its own terms. It is used more like a flexible carrier which conveys a varying combination of messages which remain in the same general logic. Moreover, good governance can be understood as a mechanism of capacity building for states that despite being independent are not capable of making and implementing their own decisions. The quantity of goals has led to the introduction of the concept “good enough governance” that suggests that not all the government deficits can be tackled at once and that they should be prioritized. Good governance is a product of time and the individual historical, political and economic conditions of each country have to be taken into account when reforms are prioritised. Empirical research on the Black Sea Economic Cooperation (BSEC) activities towards good governance and on the priorities of the member states can demonstrate which elements of good governance are usually preferred during the modernization process.

2.4.1 Bringing “Universal Values” at Home: the Case of Good Governance

The use of good governance principles from international organizations to push for policy reform has been novel. Traditionally, domestic politics and interference in the internal affairs of a state had formally been out of the spectrum of the international community. Article 2(7) of the UN Charter guarantees sovereignty and non-interference in the internal

affairs of a state but the pressures for development, the necessity of efficient management and historical events such as the end of the Cold War have led to the undermining of its absolute character.

Historically, developing countries have been very defensive of the idea of any kind of interference with their economic, political and social choices. During the Cold War, the newly independent countries as well as the socialist bloc countries managed largely to protect their independence within the UN system. The East-West division meant that any attempt by donors and investors to criticize the financial, or the public management of those countries would signify their alliance with the West and would thus be seen as a hostile action. Although the World Bank and the IMF had a different opinion about domestic politics for quite some time, the UN due to the preponderance of developing countries in its membership has always been more reluctant. The Kohl, Thatcher and Reagan administrations and their focus on efficient management provoked a substantial shift both at the UN and at the World Bank and IMF. Gorbachev’s “new thinking” also gave a boost towards this direction.

The turning point though, for the prominence of the good governance concept in the international forum has been the fall of the Berlin Wall. The advancement of theses such as Huntington’s (1991) “third wave” of democratization made good governance principles appear universal. Western investment in Third World and ex-Soviet bloc countries brought domestic politics to the centre of the discussion. The end of the Cold War signified the unwillingness of the West to turn a blind eye to illegitimate regimes such as Uganda’s and Haiti’s hegemony and an even greater unwillingness to support them. The faults of governments became more apparent due to the proliferation of NGOs such as Transparency International and Human Rights Watch, multi-national corporations such as

Shell and global media such as BBC and CNN, because they exposed the impingement of human rights and the lack of respect by governments of the good governance principles. Last but not least, the widespread acceptance of humanitarian intervention as a responsibility of democratic states meant that sovereignty and state borders became even more relevant.

An important outcome of the increased connection between international and domestic politics was the introduction of the political conditionality practice. After the end of the Cold War, international organizations such as the World Bank, the IMF and other donors started linking loans to the political and administrative performance of the developing countries. Political conditionality has been characterized as “the first international attempt to change states’ domestic behaviours in peace time period”. Good governance has been on the top of the list together with respect of human rights, organization of multi-party elections and in some cases cutting military spending. Although international expectations were high about what political conditionality and the application of good governance principles could accomplish, criticisms soon appeared. The ability of donors to either suggest successful reforms, or evaluate their results, as well as their objectivity was soon questioned. Nevertheless, although the usefulness of the coercive spread of good governance principles has been disputed, good governance itself is still influential as a tool for the promotion of administrative changes as becomes evident by the BSEC’s soft mechanisms of diffusion that are currently in place.

2.4.2 The Policy Transfer Framework

Good governance principles have been globalised through their use by international organizations as a form of conditionality but also through their inclusion in the modernization agendas

of many countries. The policy transfer framework has its roots in public policy analysis, especially in the discussion regarding the impact of exogenous factors upon policy making and policy institutions. Dolowitz and Marsh, in a seminal article, bring concepts such as policy learning, lesson drawing, diffusion and emulation under the same framework and argue that: “Policy transfer, emulation and lesson-drawing all refer to a process in which knowledge about policies, administrative arrangements, institutions etc. in one time and/or place is used in the development of policies, administrative arrangements, institutions in another time and or place”. They do not use the terms interchangeably. For Dolowitz and Marsh “lesson-drawing” only refers to voluntary transfer because although lesson drawing sometimes occurs, the transfer of a policy does not, and they use “policy transfer” when referring to both voluntary and coercive transfers. Another element which characterizes the Dolowitz and Marsh definition is the intention of the agent of transfer. Policy transfer can be either voluntary, or coercive, but it is seen as “an action oriented intentional activity” and this differentiates it from other unintentional structural causes of policy convergence. It is difficult to demarcate the boundaries between voluntary and coercive policy transfer as most of the cases concern indirectly coercive transfer, which are put forward either by international organizations, or by foreign governments. The position of a country in the international system determines the level of “resistance” to policy transfer that a country can demonstrate. Rose remarks that if a country is underperforming in comparison with others, then the lesson drawn will be what not to do, rather than what to do.

This is why the study of policy failure can be as interesting as the study of policy success. Evans and Davies’ approach to policy transfer provides a useful starting point by arguing that policy transfer is meso-level analysis and in order for it to

provide some interesting conclusions about policy change, it has to be adapted into a multi-level analysis that includes the macro and micro levels. They place the spread of information in the centre of their analysis. In order to study the meso-level they introduce the Policy Transfer Network (PTN). The PTN links the policy network approach, especially Marsh and Rhodes' idea of a policy community, to the notion of epistemic communities, and to the policy transfer phenomenon. Evans and Davies provide an illustrative sequence of stages for a voluntary policy transfer process and another one, with slight differences, for a coercive transfer. The first stage includes the recognition of the existence of a problem in a particular policy area, which requires action to instigate change. The decision is taken by politicians or bureaucrats and it stipulates the emergence of a PTN. The different causes for decisions cannot be easily identified and there are many diverse ways in which a decision for policy change can emerge, therefore special consideration should be given to each case. The next step for the key agents is to search for new ideas, and this will happen if they feel that the existing ideas are not satisfactory. In a process of coercive transfer the main difference is that the agents who try to impose the transfer, for example a government, or the EU, play a very active role in these first stages. The search activity is considered to be central in the policy transfer process; and it is very closely related to the next process which is the contact stage. Think-tanks could become important actors in the policy transfer process at that stage if they possess, or they claim to possess, the knowledge resources and contacts with the knowledge elites which the agents of transfer are looking for. The next stage includes the demonstration of knowledge resources through the presentation of information resources in an information feeder network. The next step will follow, and this may lead to the cognition, reception and emergence stages of the PTN. PTN is expected to act as a barrier of entry to ideas and programmes that are

opposed to its value system. The following stage of interaction will involve the organization of forums for the exchange of ideas between the relevant actors in the form of conferences, seminars, etc. After this stage, the evaluation process will start and the objectives, degree and prerequisites of the transfer will be decided upon. The final decision on the transfer depends on the broader processes of policy change. In order for the policy transfer to occur, the suggested policy has to be successful in competition with other possible alternatives, or in fact, manage to overcome inertia. The final decision will be made by politicians or bureaucrats. Finally, in order to have a complete picture of the policy transfer, the implementation of the adopted policies, or programmes should be considered. All the stages of the policy transfer network have to take place, or that they indeed take place in the sequence suggested by the framework.

2.4.3 Key Principles of Good Governance in Public Sector

The function of good governance in the public sector is to ensure that entities act in the public interest at all times. Acting in the public interest requires as follows:

- I.** Strong commitment to integrity, ethical values, and the rule of law; and
- II.** Openness and comprehensive stakeholder engagement.
In addition to the requirements for acting in the public interest, achieving good governance in the public sector also requires.
- III.** Defining outcomes in terms of sustainable economic, social, and environmental benefits;
- IV.** Determining the interventions necessary to optimize the achievement of intended outcomes;

- V. Developing the capacity of the entity, including the capability of its leadership and the individuals within it;
- VI. Managing risks and performance through robust internal control and strong public financial management; and
- VII. Implementing good practices in transparency and reporting to deliver effective accountability.

2.5 Role of Public Administration in Good Governance and Local Development

Issues of public administration, local governance, and participation in processes are seen to play a vital role in overarching issues of development. They are decisive for the legitimacy of the state which rests in its capacity to deliver on its political promises, and perform specific functions. Local governance structures and public administration are essential facilitators of this responsibility. The mechanisms enacted at local levels and the administrators that comprise these systems are the channel through which policy becomes action, and by which functions and services of the state are allocated. Participation is vital to facilitating a deliberative relationship between the state and citizenry.

Some experts suggest conceptualizing public administration as “an organizational structure, a system, a function, an institutional construct, procedures and processes, or just a set of practices in the exercise of public authority.”

It also refers to a much broader process, in which the notions of public policy and civil service are contained and sequenced, an aspect particularly important in the post-conflict reconstruction period, as a government cannot implement all components of these changes at once. Hence, phases need to be distinguished in the building, or rebuilding of a public administration. Three broad models of public administration are usually

distinguished: traditional public administration; public management, including new public management (NPM); and an emerging model of responsive governance that emphasizes networks, greater openness and partnerships with civil society and the private sector. NPM is often contrasted with a more participatory local governance approach. A new approach in e-governance is also being encouraged, as a move away from the classic NPM strategy. Each model offers different principles, tools and techniques. It is important to briefly delimit notions of and interplay between administration, governance, and government. Whereas public administration deals with those bodies that comprise the core of largely appointed officials that manage public processes and policy, and government refers to those officials appointed typically to the legislature or executive, governance is the space in which these actors operate. Thus, both administration and government are the actors of governance. A local public official is a city-manager as a translator of political and administrative logic with significant responsibilities to align the forces of politics and administration. We must pick out some of the elements into which a public official must be/have in order to best representation.

2.5.1 Responsibilities

Having strong responsibility to make sure that they provide not only information to our governing bodies, but to support the processes of governance that support the representative nature of the city council. We are not talking about getting involved in electoral politics, but in things like public hearings, discussion, and deliberation; training people in the organization to anticipate and foster participation; and building structures of participation that will be seen as legitimate.

2.5.2 Roles

While city governments are attempting to become more accessible to citizens to promote community building, the professions are becoming more specialized and the city government is unintentionally becoming less accessible. The public official's role has become that of a facilitator and alliance builder, promoting and nurturing partnerships that involve city responsibilities both within the city government as well as between it and other organizations, associations, and groups. The most important responsibility of any manager is to manage the values of the organization and to instill a sense of responsibility in employees for them. These responsibilities and roles are filtered through a set of enduring democratic values as follows:

- Efficiency, is not only connected to the prudent use of resources. It also connects to professionalism and rational, analytical thinking. It underpins the value of master plans, consultant reports, and the expertise that increasingly drives public policy.

- Representation, as a value is based on the understanding that elected officials represent citizens in the absence of direct democracy.

- Social equity, underpins many moral arguments that council members hear. It is based fundamentally on the belief that there shall be no second class citizens and that services shall be provided fairly.

- Individual rights, The emphasis on due process in government work, which goes beyond the judiciary reflects the way this value has penetrated the thinking of government officials.

Effective public administration in society implies cooperation, or partnerships in which national governments work collaboratively with lower levels of public administration, the

private sector, organizations of civil society, and international organizations through democratic, transparent, and participative processes. The decentralization of political, administrative and financial, material and human resources, as well as efforts to increase popular participation, are posited as logical alternatives to older centrist state conceptions. Local governments are thus the appropriate platform to anchor cooperation and partnership between national governments and lower levels of public governance and administration in driving the localization and acceleration of public sector capacity to support sustainable local development. Strengthening the capacity of public local public administration is to promote socially equitable economic growth and combat poverty in a climate change compliant manner.

2.6 Good Governance for Ensuring Food, Water and Energy Security

The short- and long-term challenges in the areas of global food and water security are well known. The short-term challenge is the near 868 million hungry people that need an assured supply of food. Nearly two-thirds of those hungry people are in Asia that has been driving global growth, trade and finance since the 1990s. It is also a region where food security has been achieved with increasing reliance on irrigation, with generally positive impacts on food security and poverty reduction. The world's water challenges are just as daunting. Statistics are unreliable and vary, but suggest that an estimated 1.6 billion people are already under severe water stress and an additional 1.2 billion are under medium water stress. Under a business as usual scenario nearly half of the world's population of 9 billion is expected to be under severe water stress, with a large share of them residing in the BRIICS countries (Brazil, Russia, India, Indonesia, China and South Africa) (Mountford, 2011). Among

them, China and India will face the largest resource pressures. India's case is illustrative of challenges in South Asia (Shah and Lele, 2011). Together these two mega-countries alone constitute 38 percent of the global population and 20 percent of GDP in purchasing power terms. What happens in these two countries alone is of global significance. Countries in the Middle East and sub-Saharan Africa face similar water scarcity, albeit with different governance, institutional and financial conditions. By 2050 global food production must increase by 60 percent to feed the expected global population of 9 billion; much of the population growth will occur in South Asia and sub-Saharan Africa. This is the longer-term challenge.

2.6.1 Conceptualization of Food, Water, and Energy Security

The Food and Agriculture Organization of the United Nations (FAO) defined food security as “...when all people, at all times, have physical, social and economic access to sufficient, safe and nutritious food which meets their dietary needs and food preferences for an active and healthy life” (World Food Summit, 1996). The multidimensional nature of food security includes food availability, access, stability and use. Physical availability is determined by food production, stock levels and net trade. The economic and physical access of households to food depends on income, expenditures, markets and prices. Stability is determined by weather conditions, political stability, and economic factors. Use is determined by the way the human body makes the most of various nutrients depending on care and feeding practices, food preparation and diversity of the diet, intra-household distribution of food and environmental factors, e.g. water and sanitation. Combined with the good biological use of the food consumed, this determines the nutritional status of individuals. Food insecurity exists if all four dimensions are not met simultaneously. Food insecurity can be chronic, or transitory, including seasonal. Attention has shifted over time from the national to the household level and to intra-household food security, with individuals, particularly including women and children within households, as the focus of concern.

An alternative definition of food security includes treatment of food losses and waste at all levels from the farm to the fork, e.g. post-harvest losses, conversion losses and waste (Smil 2000). It also questions equating consumption with availability, without regard to losses. These concepts are receiving increasing attention in the context of value chains, the growing role of the private sector and of public-private partnerships (Lundqvist et al., 2008). Each of these concepts implies an

emphasis on different parts of the value chain, ranging from the farmer to the consumer, and involves different stakeholders and governance issues related to production, distribution and food intake.

2.6.2 Water security

The Global Water Partnership (GWP) (2012) has defined water security as, “Ensuring the availability of adequate and reliable water resources of acceptable quality, to underpin water service provision for all social and economic activities in a manner that is environmentally sustainable; mitigating water-related risks, such as floods, droughts and pollution; addressing the conflicts that may arise from disputes over shared waters, especially in situations of growing stress, and turning them into win-win solutions.” (GWP, 2012). The incorporation of risks and conflicts is an evolution from the earlier concept of a “water secure world where there is enough water for household needs, for social and economic development, and for ecosystems” (Grey and Sadoff, 2007). Water scarcity is the other side of a water security coin, often a result of physical, economic and institutional failures, each of which needs systematic empirical analysis to educate the public (UN-Water and FAO, 2007).

2.6.3 Energy security

Energy security has been viewed mainly in terms of the uninterrupted availability of energy sources at affordable prices. It was the main objective underpinning the establishment of the International Energy Agency in 1974. Oil security remains a cornerstone of the IEA. Long-term energy security is mainly linked to timely investments to supply energy in line with economic developments and environmental needs. Short-term energy security focuses on the ability of the

energy system to react promptly to sudden changes in the supply-demand balance. There is an evolving agenda around the promotion of diversity, efficiency and flexibility within the energy sectors so that they are able to respond to energy emergencies. And, yet 87 percent of the energy supply comes from oil, coal and gas. Fuel wood goes hand in hand with the incidence of poverty, most notably in sub-Saharan Africa and South Asia. Energy intensity and per capita income go hand in hand. Agricultural energy use increases in the course of agricultural intensification, both directly and indirectly in transportation, processing, packing, refrigeration, etc (Lele et al., 2013).

opportunities for employment and other livelihoods, (UNDP, 1999).

2.6.4 Good Governance

According to the United Nations Commission on human rights, governance is the process whereby public institutions conduct public affairs, manage public resource and guarantee the realization of human rights. Good governance accomplishes this in a manner essentially free of abuse and corruption, and with due respect and regards for the rule of law. The true test of good governance is the degree to which it delivers on the promise of human rights. The key question is, are the institutions of governance effectively guaranteeing the right to health, adequate housing, sufficient food, quality education, fair justice and personal security? (HRD 2003, P.1). Good governance is all about effective and transparent leadership that produces results which together transform the socio-economic conditions of a nation. The objective of good governance is human development with equity and social justice. The goal of governance should be to develop capacities that are needed to realize development that gives priority to the poor, advances women, sustains the environment and creates needed

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Chapter Three

Governance in Third World Countries

3.1 Governance in Bangladesh

It is not so easy to establish good governance in a country. We say something is better than nothing, which is applicable in the case of assessing good governance in developing countries like Bangladesh. If Bangladesh can bring a sense of good enough governance, it will be at least an achievement as a developing country. It means that the sense of good governance may differ from country to country in terms of underdeveloped countries, developing countries and developed countries. Good governance requires so many things of importance, including a corruption-free environment, improved law and order situation and judiciary system. 'Good enough governance' requires the minimal conditions of governance necessary to allow political and economic development to occur, contrasting with the long and growing list of normative requirements included in the traditional good governance agenda. The expected implementation of law and order may not be over emphasized. Among the others are security in life and living and freedom in activity. It is also noteworthy to mention that entrepreneurs have to be free to invest, make profit and avail the opportunities of having such incentives. The consumer will be able to maximize their utility and satisfaction with the available opportunity of buying quality goods and services at the reasonable price. All together, national citizens will have a

right to lead a secured and happy life as the implication of good governance.

Healthy political culture or democratic practice in particular, freedom of the people, living secure lives along with enjoining competitive market, including freedom of buying and selling under the administrative protection of the government are very important for ensuring good governance. These factors differ significantly between developed countries and developing countries. There are some disadvantages of all kinds of underdeveloped countries or developing countries due to their weak law and order situation and judicial system. The issues of good governance in developing countries like Bangladesh are not adequately attended by the authorities concerned. These are the concern of international donors about developing countries and Bangladesh in particular. No implementation of good governance is a matter of great concern in Bangladesh. It needs at least good enough governance for administrative reforms and poverty alleviation. Ensuring good governance, decentralization, people's participation, honest and sincere civil service, privatization, public private partnership are being emphasized in Bangladesh. South Asian countries have been facing a number of obstacles due to lack of good governance or misgovernance. Bangladesh has also been facing such a misgovernance due to lack of various factors including decentralization, political commitment and free from undue influence of bureaucratic institutions for which general people have been suffering a lot. In Bangladesh, problems and irregularities are found in staff recruitment, monitoring of their performance as well as in provisioning education, health and related services to the people.

Good enough governance is not good governance. For the sake of the country's development, an acceptable governance system is needed which actually indicates good enough

governance. Because, the implementation of minimum level of governance significantly hinders economic and political development while good enough governance will help the government take an initiative for income distribution and poverty alleviation.

If the people feel secure and can live peacefully, the credit must go to the government for its good governance. The country, its politics and the government, all are for the greater interest of the people. The people cannot live peacefully if they do not enjoy the sense of good governance. During elections, political parties place manifestos seeking the people's vote. After the election, politicians may or may not be able to keep their commitment. Bangladesh has made a very little progress in good governance though it has some success stories, which are not directly related to good governance. Successes in some areas, including education, health and service sectors, may be praiseworthy. There are also some other success stories in communications, agriculture, industry, fisheries, livestock sectors achieved in the last decades.

It is unfortunate to mention that the administrative system in post-independent Bangladesh has been deteriorating due to lack of good governance. Misgovernance has long been associated with hartal, strike, damaging public and private properties, vehicles, shops etc. Bangladesh still is facing arson attacks, killings due to lack of strict law enforcement or good governance. Minority communities, including Hindus and the tribal people in hill tracks area, are also facing many problems due to weak governance. The reasons among others are lack of political and administrative commitment as well as commitment of establishing improved law and order situation and effective judiciary. These are a lot of polices being implemented in Bangladesh compared to those in many other countries. However, the police department does not work well due to its administrative weakness. The ratio of people and

police personnel is also low. As of December 2012, the number of police personnel of the Bangladesh Police is approximately 152,000. The Police-Population ratio in Bangladesh is 1:1133. Mainly lack of due performance, negligence of duties, corruption of all types, including those of bribe, are found in Police Department like other public sectors. These irregularities happen due to lack of accountability, inspection and observation. If the situation continues like that it will not be possible to establish good governance in Bangladesh. A great deal of tailoring and nurturing has been very important to establish mutual trust and confidence among the people and their law enforcing agencies.

Good governance is both complex and collusive in practice. Among the three positions of governance are: 1. Governance, 2. Misgovernance and 3. Good governance. The simple governance does not seek any change either for good or ill. The misgovernance is a deliberate act on the part of a state or government agencies which benefits a few while harming interest of the majority through abuse and misuse of power. The third is the idea goal of governance, which is the outcome of conscious and deliberate attempt to promote the quality of life. The good governance is intended to increase the welfare of the people at individual collective levels. Good governance is committed to the public service and the welfare of the people. Good governance strives for the greatest good and greatest number. The executive branch of the state is the government. The government declares their commitment to ensure good governance. The government tries its best to maintain law and order considering it as one of the prime activities. Misgovernance has raised its ugly head in the form of absence of rule of law, human rights violation and corruption. Misgovernance can increase its frequency by giving rise to continue discussion in various forums in home and abroad. Abuse and misuse of power have been identified as the root

cause of failure. Lack of accountability has been given as the explanation for the prevalence of the following. The demand for good governance is intensified from the civil society, media and the public forum to replace the misgovernance. Some actions taken by government create skepticism about its commitment for good governance.

Under the framework of good governance, the Election Commission (EC) is powerful enough to conduct national, local and peripheral elections. The government agencies or its political allies will not be allowed to put any restriction in the system or the effort taken in conducting free fair elections by the Election Commission. It is the constitutional obligation of the government to comply with the action or proposed plan by the Election Commission (EC). If the EC cannot be neutral to function independently and efficiently, it does not indicate a sign of good governance. The Election Commission is a very crucial institution for ensuring democracy. Any kind of controversial step for the formation of Election Commission will spell disaster for politics in the country. As an institution to ensure free and fair elections, EC can become the strongest pillar for promoting good governance. Failure to ensure an independent EC, it will be detrimental to the case of good governance.

Anti-Corruption Commission (ACC) is an important institution to check corruption which is generally practiced by abusing and misusing of power. The practice of good governance has to be strong enough in the country. Any measure that cuts or puts limitation on the functioning of the government, it will weaken the government. Any limitation will make the government difficult to prevent corruption. Laws, which are passed in parliament to fulfill political intention, are very harmful for good governance that may weaken the anti-corruption body. Any action to undermine independence and effectiveness of anti-corruption body is a sign of misgovernance. Good

governance must ensure that the procedure used by the ACC is transparent.

Strengthening local bodies is an essential part of ensuring good governance. Democracy or the government as for the people, by the people, of the people is a well-accepted concept historically. It means that without democracy we cannot think any good governance. The first tier of local bodies is Union Council or Union Parishad. We need to strengthen the Union Parishad as the initial condition to have good governance. Unfortunately, this foremost local body is getting ignored in different ways. The Union Parishad has been turned into a very weak institution due to lack of resources, bureaucratic control and unwarranted interference from the member of the parliament (MP). This is the main impediment to strengthen the local government body. One of the economic objectives in life is to have a good income and fair distribution of income to alleviate poverty. Without strengthening local government bodies, ensuring a good governance and poverty alleviation is a far-cry. We have to make local government bodies free from the influence of the executives. We do it to take steps for increasing income to make local government bodies self-reliant. The activity of local government bodies or the Union Parishad in particular must be transparent to increase their credibility. It is the right process to rebuild democracy and establish good governance. It is needless to mention that elected representatives in local government bodies have to be honest keeping national and local interest in mind to establish good governance.

According to the World Bank, Bangladesh is one of the more successful developing countries in terms of accelerating growth, making growth pro-poor and improving the indicators of social progress. Over the recent years, the country has also managed to make progress in governance indicators; however global indicators suggest that improving governance should

remain a key priority for the full realization of development aspirations. This includes the effectiveness of government, the transparency of authorities, and stability of political situations.

Bangladesh scored the lowest marks among 209 low income countries in 2004 in the World Bank's governance situation survey titled "Bangladesh PRSP Forum Economic Update: Recent Developments and Future Perspectives". The survey was conducted on the basis of six indicators of the governance issue: voice and accountability, political stability, government effectiveness, regulatory quality, rule of law, and control of corruption.

These indicators, that covered 209 low income countries across the world, showed lowest ranking of Bangladesh in four of the six indicators and second lowest in the two others. The rating of Bangladesh on political stability was 11.7, for regulatory quality 13.3, for rule of law 22.2, and for control of corruption 10.3 -- all of which were lowest.

Bangladesh, however, did somewhat better for government effectiveness in which rating was 26.4 and for voice and accountability, rating 28.6. "Improved governance is essential for the success of Bangladesh's economy and poverty reduction, and none of Bangladesh's major development partners will be able to sustain its support if the government does not squarely address the governance agenda," said the report.

3.2 Governance in India

Indian sub-continent owes their system of governance from the British ruler. British left this South Asian regime, including India, leaving their system of governance many of them still

remain unchanged. The new rulers in this region have been ruling the same way as it used to be in the British-Indian regime. What is new in it? The administrative system in India of today is the same as those during the period of British India. Only the new thing stated as the present administration of the brown people as against those of the white in British regime. Or nothing new in it except the election became the proof and symbol of the Indian democracy. As is presently done in the Indo-Pak-Bangladesh sub-continent, bureaucrats perform the governmental administration sometimes by themselves and sometimes by colluding with the businessmen, military polices or the other class of oligarchy in their joint or independent effort to implement the government policy-guide. In case of collusion, bureaucrats do not do it free of interest. To implement the policy-guide and to perform the government administration, they collude with the one or more than one of societal oligarchy. In each case, they share their interest for their own gain. Higher is their gain higher is the social loss or higher is the corruption, for which the common people have been suffering a lot since the independence from British. We really do not know how to resolve. We are, however, going with the existing negative culture of administrative the problems of administrative corruption.

World Wide Governance Indicator (WGI) under the World Bank provides a comprehensive picture of good governance or the quality of governance in an individual country. The indicators provided by the WGI reflect a very good overview of the country's political stability, quality of governance and the rule of law. Some organizations are making use of this overview by the WGI. A financial institution such as Goldman Sachs uses these as a guiding tool for them in their investment decision on the developing countries. Countries like the USA and the Netherlands decide aid to the developing countries depending on the picture provided by the WGI indicator.

A lot of NGOs also use the WGI indicator. However, the World Bank itself does not use the WGI indicator to allocate fund development. According to a recent research, the industrial countries with a lot of corruption also have higher budget deficit. According to the evidence, we suggest that the quality of governance has a major impact on a country's development.

Voice and accountability – The extent to which the general public is able to participate in selecting the government, degrees of freedom of expression and association, and the extent of media freedom.

1. Political stability and absence of violence - likelihood that the government will be destabilized or overthrown by unconstitutional or violent means, including political violence or terrorism.
2. Government effectiveness – the quality of public services, the quality of the civil service and the degree of its independence from the political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies.
3. Regulatory quality – ability of the government to formulate and implement sound policies and regulations that permit and promote private sector development.
4. Rule of law – the extent to which people have confidence in and abide by the rules of society, and in particular the quality of contract enforcement, the police, and the courts, as well as the likelihood of crime and violence.
5. Control of corruption – the extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as “capture” of the state by elites and private interests.

The aggregate indicators combine the views of a large number of enterprise, citizen and expert survey respondents in the industrial and developing countries. The data comes from a diverse variety of survey institutes, think tanks, NGOs, and international organizations. The WGI covers 213 countries and territories.

The Nordic countries along with New Zealand have been the perennial chart-toppers in the WGI, but the rich countries are by no means always better governed than emerging or developing economics. In fact, over 30 developing and emerging economics, including Slovenia, Chile, Czech Republic, Hungary, Poland, Rwanda and Costa Rica have higher governance scores than industrialized countries such as Italy (ranked 87 in Corruption Control) or Greece (ranked 82).

In terms of WGI, India ranked at about 46th percentile in 2009, implying that more than half of the 210 countries studied score better on governance. India is particularly weak on political stability and regularity quality. If the control of corruption indicator is compared for top ten economics of the world, India gets third rank from the bottom-only better than Russia and China. Therefore, India has a long way to go in improving its system of governance to inspire confidence not only its own people but also in the global community. Growth in terms of GDP alone is neither sufficient to provide a better quality of life to majority of its citizens nor for eradicating poverty – government recognized that 407 million Indians live below the latest defined poverty line. Needless to say this number is grossly underestimated – other measures such as the multidimensional poverty index put this number at 665 million. Perhaps the most basic issue facing the Indian democracy is reflected by the first indicator – voice and accountability. Freedom of expression and media freedom is pretty good, but Indian democracy is certainly not very participatory. There is a wide separation between the ruling political class and the

masses they claim to represent. In collusion with the highly callous bureaucracy they have mastered the art of evading accountability. Highly opaque political financing leaves them defending interests of the rich and the powerful who provide money and power at the time of election. Therefore, on the paper legislations are created supposedly for the people, but careful reading between the lines and the manner of implementation gives a lot of maneuvering space to the rich and the powerful at the cost of the common man. In the light of the reforms that India undertook since the last decade (2010), it was considered the rate of growth from 6 percent to 8 percent as the new rate of growth of the economy. Compared to many other developing countries, the rate of growth in India has been falling behind due to a number of structural lacking. India is too large and of heterogeneous characteristics. India is, however, needed or needs to grow at 10 percent to 14 percent per year to meet the demand for well-being and aspiration of its large number of people of 120 cores (1.2 billion). The goal of higher rate of economic growth and development, well-being and national welfare, income distribution and poverty alleviation as well as overall development can be achieved with and only with good governance and their effective administration.

The expenditure on governance in India is incurred by 790 politicians at the center and 4,120 in 29 states and seven union territories. About the 18.7 million employees of the central and state government use about Rs. 2,200 crore per day or Rs. 7,60,000 crore per year both on capital and revenue account. About 1.87 percent or less than 2 percent Indians govern the 109 crore people. These come to about \$147 billion or 25 percent of India's Gross Domestic Product (GDP). The cost of governance in India is much more than what Indians can expect. More of this budget has been going waste instead of doing good things for Indians. Problems remain with weak law

and order and judiciary system and lack of accountability. The people of India desire and deserve much better governance and administration but Indians are not getting good governance in proportion to their public expenditure on it. Corruption in India affects all levels of the society. Bribery exists everywhere and in many forms, but corruption in India sometimes looks like a civil servants' favorite contest nationwide. It is generally assumed that India is a large country with a large government. Large country and large government means that economy is full of loss and inefficiency. More things belong to the government and less is with the private sector. India is a big country consisting of big government. Incentives in private sector are relatively low. The India is simply a country of low productivity. More with the government and less with private sector means a real lacking of ownership, which in turn means an environment of full corruption that may be a good reason for more budgets and less than good governance or the less is the achievement in the name of good governance.

In the contest of globalization and the competitive environment, Indians have to change their mindset. Good governance must be considered as the key requisite for the second generation reforms in India. Politicians and bureaucrats and their related institutions all are primarily responsible to ensure good governance and better administration. Good governance and effective administration are their primary and the only duty. The key objectives of politicians in power or members of parliament and employees with the central and state government will mainly furnish the following two things: (1) to administer and govern and (2) to serve and benefit the citizens and the country in the best possible ways and means. About the advantages of good governance and effective administration and how it will influence the economy, a continuous and day-to-day advice is required from a number of people and social institutions including members of major

political parties, think tanks and leaders in the government, teaching, media, business and the youth. These people and institutions know it very well what they would like to have from the government for its good governance and effective administration. Such a productive or conducive cooperation between the community and the government can be effectively able to influence the economy. The purpose of a government is to make it easy for the people to do good if it is really good. The government will make it difficult for the people to do what is not really good.

Good governance is not something to do for the own consumption of the government. The government will do it good for the benefit of the general mass. It may be mentioned that rivers do not drink their water themselves, nor do trees eat their fruit, nor do the clouds eat the grains reared by them. The government will provide good governance for the sake of comfort of the people and in their day to day life and living. Once again, the government does not consume fruits of their own efforts. They are paid for doing good things for others, as if the wealth of noble is used solely for the benefit of the others. Any government including those of India must understand that they are paid for the benefit for Indians. According to Plato, "Nation first and then the individual." Nation is a priority, which comes first and the particular individual comes later.

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Chapter Four

Governance in Developing Countries

4.1 Governance in Russia

Russian Federation is the largest country in the world in terms of its land as well as total surface area. It covers more than an eighth of the Earth's land area. Russia stretches from the Baltic and Black Seas in the west to the Pacific Ocean in the east. The estimated surface area of Russia is measured at 1,70,98,240 square kilometer and the total land area of Russia is measured at 1,63,76,870 square kilometer according to the World Bank data of 2010. Total population is estimated at 143 million (2014) and GDP is US\$ 2,308 billion and GDP in Purchasing Power Parity (PPP) is US \$16,375 as of 2014. Unemployment rate in Russia is 4.9 percent as of July 2014. Inflation in Consumer Price Index (CPI) is 7.550 percent as of August 2014 and Foreign Direct Investment (FDI) inflow is about \$1.3 trillion as of February 2014.

4.1.1 Government of Russia

The Russian Federation consists of 83 administrative units. These are known as federal subjects. Executive power resides with the President. The President is the head of the state and the Prime Minister is the head of government. As per the constitution, the President appoints the Prime Minister. Legislative power resides in the two houses of parliament. Lower House is of 450 seats and Upper House is of 166 seats.

In March 2014, Russia purported to annex the Ukraine territory of Crimea. In response to that initiation, Australia announced the targeted financial sanction and travel bans on individuals instrumental in the Russian threat to the sovereignty and territorial integrity of Ukraine. The United States, the EU, Canada and the others have also taken a range of measures. The measure includes sanctions against individuals and companies. As one of the consequences, Russia has been excluded from the G8, which has been meeting in G7 format. According to the majority of the UN's General Assembly, the Russian purported annexation had no validity. Russia was also accused of supporting and enabling the violent desalination of Ukraine's eastern regions by pro-Russian separatist. Russia is a member of G-20, the ASEAN regional forum, the Asia-Pacific Economic Cooperation (APEC) grouping and the other international organizations. As a permanent member of the EU Security Council, Russia has been playing a key role in addressing some issues, including the situation in Syria and elimination of its chemical weapons and Iran's nuclear program.

4.1.2 Economic Overview of Russia

With the wealth of natural resources, Russia has globally been the vast country. In the production of oil and natural gas, Russia is the world's leading country. As far as the total economy is concerned, Russia is the world's eighth largest country. Russian economy relies on its commodity export. The commodity export by Russia makes it vulnerable to swings in the global prices. According to the World Bank, Russia's GDP growth rate in 2013 was 1.3%, a decrease from 3.4 percent in 2012. The possibility of any upturn in Russian economy is expected to be hampered due to the international sanction in response to the Russia's purported annexation of Crimea and

intervention in Ukraine. The EU is the Russia's largest export destination. This export destination of Russia accounts for more than half of the Russia's export value. China is the Russia's largest trading partner overall.

The growth rate of GDP in Russia has recently been slowing down significantly. The space of consumption growth has also been slowing down in Russia. Short term risks have been found on the down side. Russia's economy and public finances do remain sensitive to the oil price, which is the main export item of Russia.

Russian economic policy should aim in the near term at preserving macro-economic stability. Russia has recently improved its macro-economic framework with the adoption of fiscal rule. In addition, the preparation for inflation targeting and implementation of the increased exchange rate flexibility was taken as an advantage. A new growth model of Russia needs to emerge with the Russian economy in integration with the world. Successful macro-economic stabilization and increasing use of spare resources, the macro-economic growth of Russian economy has reached its limit in 15 years. Integration with the world economy can help Russia close the productivity gap with other countries by enhancing its growth. The monetary as well as financial policies in Russia appropriately focused on anchoring inflation expectation and preserving financial stability.

The modest fiscal tightening for the increased growth of GDP, despite the economic slowdown, appears justified as output remains close to potential. As to the mounting spending, such pressures should be resisted in order to preserve fiscal space for investment. Sources of the negative impact on the budget are the following. These are increased military and wage spending, increased fiscal commitments deriving from geopolitical tensions as well as incomplete pension and their reform put

weigh negatively on the future budget. Additional fiscal consolidation in the outer years is needed to rebuild buffers. The non-oil fiscal deficit has been remaining very high in the recent years. The overall deficit is, however, low only due to high oil prices. The fiscal role in Russia continues to be an important policy matter. The fiscal role does, however, not generate enough savings in the long run to meet the above mentioned reserve fund target of 7 percent of GDP. In addition to the above, further pension reform in Russia is also necessary. Despite the mentioned reform, the generosity of the system is expected to decline overtime. It may become too low to be socially and politically acceptable. The additional measures, including increases in the retirement age, legal employment and contributory compliance may be required. Structural reforms remain essential to enhance Russia's growth potential. In other words, structural reforms have been crucial to ensuring higher and sustained medium term growth. A continuous effort at global integration, including fostering competition across sectors and regions, improving governance and lifting heavy regulations are necessary to attract high quality investment and boost potential growth. Among the fiscal policy problems are skill mismatches in the labour market, large tax burdens, especially for SMEs, administrative barriers and corruption and the related other things remain as the key of struggles. Though it sounds very hard in Russia, pushing ahead with the announced privatization plans should enhance economic efficiency. These kinds of reforms will channel the domestic savings into domestic investment. This will also develop a diversified economic base for attaining higher and sustainable growth over the medium term.

4.1.3 Rule of Law in Russia

As presented by the International Bar Association-IBA, Russia's engagement with OECD and WTO means the rule of law reform in Russia should be eminent. The worst access of the government control and human rights abuse, however, suggests otherwise. Modern Russia has inherited a bad penitentiary system as it takes a lot of time to change the facilities for the prisoners as well as the principles and the legislation.

4.1.4 Crackdown on NGOs in Russia

The NGOs in Russia have all been signed into law. This is a kind of warning sign to certain parts of the society of Russia. Impact of this law was not created on the ordinary Russians rather created on NGOs, journalists and media. The objective was to encourage more of self-censorship. The objective was added by the increase in leverage that the state has control over this section of civil society. The main aim is not to use this but to close down the NGOs or the media that are not comfortable for the government. The main aim is to discourage the critical voices. If the NGOs do not soften their criticism themselves, the state might do it instead. In general, those laws have created an atmosphere of suspicion about NGOs. In the year of 2014, about ninety NGOs in Russia reported an unscheduled visit by the state officials. More than one thousand NGOs in Russia are now thought to have been targeted by the Russian government. Some NGOs face a threat of closing down unless it registers itself as a foreign agent. The warning followed the organizational release of polls showing a deep in Putin's popularity rating.

4.1.5 Human Development Report on Russia

The HDI is a summary measure for the assessment of long-term progress in their basic dimensions of Human Development. The three dimensions are as follows: (i) a long healthy life; (ii) access to knowledge; and (iii) a decent standard of living. As in 2011, HDR long and healthy life is measured by life expectancy, access to knowledge is measured by (i) mean year of schooling for the adult population. Mean years of schooling is the average number of years of education received in a life time by people aged 25 years and older; and (ii) expected years of schooling for children of school entrance age. This is the total number of years of schooling a child of school entrance age can expect to receive. Standard of living is measured by Gross National Income (GNI) per capita expressed in constant 2005 international dollars converted using purchasing power parity (PPP) rates. To ensure a cross-country comparability, the HDI is based primarily on International data from the United Nations Population Division, the United Nations Educational, Scientific and Cultural Organization (UNESCO) and the World Bank.

Russian Federation's HDI value for 2012 is 0.788—in the high human development category—positioning the country at 55 out of 187 countries and territories. Between 1990 and 2012, Russian Federation's HDI value increased from 0.73 to 0.788, an increase of 8 percent, or average annual increase of about 0.3 percent.

The rank of Russian Federation's HDI for 2011 based on data available in 2012 and methods used in 2012 was— 55 out of 187 countries. In the 2011 HDR, Russian Federation was ranked 66 out of 187 countries. However, it is misleading to compare values and rankings with those of previously published reports, because the underlying data and methods have changed.

Table A reviews Russian Federation's progress in each of the HDI indicators. Between 1980 and 2014, Russian Federation's life expectancy at birth increased by 2.8 years, mean years of schooling increased by 4.9 years and expected years of schooling increased by 2.5 years. Russian Federation's GNI per capita has been increased by about 14.9 percent between 1990 and 2014.

Table A: Russian Federation's HDI trends based on consistent time series data, life expectancy at birth

Year	Life expectancy at birth	Expected years of schooling	Mean years of schooling	GNI per capita (2011, PPP\$)	HDI value
1980	67.3	12.2	7.1		
1985	68.5	12.6	8.1		
1990	68.0	12.7	9.2	19,461	0.729
1995	66.0	11.7	10.0	12,011	0.697
2000	65.1	12.4	11.3	12,933	0.717
2005	65.8	13.6	11.6	17,797	0.750
2010	68.6	14.2	12.0	21,075	0.783
2011	69.1	14.5	12.0	21,852	0.790
2012	69.5	14.7	12.0	22,470	0.795
2013	69.9	14.7	12.0	22,610	0.797
2014	70.1	14.7	12.0	22,352	0.798

The Russian Federation's HDI value for 2014 is 0.798— which put the country in the high human development category— positioning it at 50 out of 188 countries and territories. Between 1990 and 2014,

the Russian Federation's HDI value increased from 0.729 to 0.798, an increase of 9.4 percent or an average annual increase of about 0.38 percent. The rank is shared with Belarus.

Table B: Russian Federation's HDI indicators for 2014 relative to selected countries and groups HDI value

Country	HDI Value	HDI rank	Life expectancy at birth	Expected years of schooling	Mean years of schooling	GNI per capita (PPP US\$)
Russian Federation	0.798	50	70.1	14.7	12.0	22,352
Ukraine	0.747	81	71.0	15.1	11.3	8,178
Kazakhstan	0.788	65	69.4	15.0	11.4	20,867
Europe and Central Asia	0.748	—	72.5	13.6	10.0	12,791
High HDI	0.744	—	75.1	13.6	8.2	13,961

Table B.1: Russian Federation's HDI indicators for 2012 relative to countries from the BRICS group HDI value

Country	HDI Value	HDI rank	Life expectancy at birth (years)	Expected years of schooling (years)	Mean years of schooling (years)	GNI per capita (2005 PPP \$)
Brazil	0.730	85	73.8	14.2	7.2	10,152
China	0.699	101	73.7	11.7	7.5	7,945

India	0.554	136	65.8	10.7	4.4	3,285
Russian Federation	0.788	55	69.1	14.3	11.7	14,461
South Africa	0.629	121	53.4	13.1	8.5	9,594
BRICS	0.655	-	69.8	11.5	6.6	6,476

The HDI is an average measure of basic human development achievements in a country. Like all averages, the HDI masks inequality in the distribution of human development across the population at the country level.

4.1.6 Freedom of Press in Russia

The press freedom environment in Russia is all along assumed to be repressive. According to the 2014 world Press Freedom Index, Russia has been ranked at 148 out of the 180 countries. It means that according to the index on Freedom of the Press in Russia, it falls within the bottom 32 countries or the bottom 18 percent in terms of Freedom of the Press in Russia. The authorities in Russia relied on both crude and sophisticated forms of the media management. The objective of such repressive freedom of the press is to save the public from the terrorist attack, economic trouble and anti-government protest. The Government of Russia has tightened the control over the internet and the key television outlets. The government controls most of the state, privately owned mass media, including also those that have an image of political pluralism.

Freedom of speech and press are allowed by the Russian constitution. However, officials use the country's politicized and corrupted court system to harass the few remaining independent journalists. Among the journalists those who criticize the wide spread abuses by the government become the

victim. The constitution and 2009 law provide freedom of information. Access to information related to the government, the judiciary or via government websites are very difficult in practice. Russian law contains a broad definition of extremism that the government uses to control critics and journalists. The enforcement of this control and other restrictive legal provisions has encouraged self-censorship of the people. In the recent past a series of repressive, vaguely worded measures and the array of regulatory tools helped their government to limit the work of the non-government (NGOs) works, especially on media matters. If the government thinks that some websites and their information are offensive to the people in Russia, immediately they declare that those media are illegal. Russian government blocked 4,640 websites for allegedly containing offensive content relating to drugs and pornography.

4.1.7 Press and Internet Freedom in Russia

According to the recent legislation in Russia, popular bloggers have to register with the government. As against the Russian Constitution, the Russian media does not consider itself very independent. Russian media is very much pressured by the authorities while journalists are harassed and convicted for practising their profession. Russian parliament has been introducing new limitations to media freedom and freedom of expression. Russia remained as one of the most dangerous countries in the world for the media. Out of the 180 countries, Russia ranks 148 in the field of freedom of speech and independence of media. Physical torture, harassment and intimidation are not uncommon in Russia. In the last two decades, about 360 journalists have been murdered in Russia. Most of these cases were never brought to the court. Censorship is prohibited in Russia on the constitutional level. Even then three main TV channels of Russia are controlled by

the state. In early 2000s, various state agencies, or the government in particular took the financial and managerial control of 80 percent of the regional press and 20 percent of the national press. Control has now been extended to include the internet. Popular websites and blogs have to register with the government. The main objective is to provide a stringent monitoring of political comments and debates. The media in Russia is being controlled by the government. It is not very easy for the Russian people to have an access, or any range of access to related voice, opinion and information. Russia puts the muzzle on independent media by dint of its undesired governmental authority. Russia blocked the independent and pro-opposition news or websites either temporarily or permanently.

The Russian government does not prefer to use the term 'censorship'. The state can, however, easily block any website without a court decision. The Russian authority has created several mechanisms by which it creates pressure on journalists, publishers and the owners of the media companies. As of '2014, Press Freedom Index', Russia came in 148th place which is just below Burma, Bangladesh and Malaysia.

4.1.8 Corruption in Russia

According to the Corruption perceptions Index (CPI) of Transparency International-2013, Russia ranks 133 out of 176 countries in terms of public sector corruption. According to a survey of 2013, the overall corruption has worsened. A perceived increase in corruption has been accompanied by a decrease in political parties and increase concerns about the responsibility of the authority. Russia is one of the seven countries in which citizens consider public officials and civil servants to be the most corrupted members of the society. This is a view held by 92 percent of the respondents of Russia. They

are followed by police as the corrupted officials and civil servants. About 80 percent of the respondents pointed out that an individual needs personal connection to achieve certain goals in the public sector. More than 80 percent of people believe that power is concentrated in the hands of particular interest group. The citizens in Russia do not trust the institutions involved in the fight against corruption. In terms of corruption, the third place, or the place after civil servants and polices is held by the judicial institutions. Judicial are considered corrupted by 84 percent of the Russians. This is followed by legislature as a corrupted institution by 83 percent of the people.

Corruption in Russia has been a kind of norm in politics, economy and social life. The corruption levels in Russia have now exceeded all the thinkable limits. Corruption takes place in various sectors including employment, access to medical service and education. Russians consider their corruption today the highest level of social injustice. In terms of social justice, tension in society has now been increasing. Corruption in Russia has been increasing along with their social aggression and anxiety.

Corruption is a major obstacle to do business in Russia. Petty corruption is common in Russia. The business environment suffers from inconsistent application of law and order. Public procurement sector is notoriously corrupted in Russia. Companies in Russia face challenges while seeking licence or any permission though a recent change in legislation has reduced red-tapism as well as the bureaucratic procedures.

4.2 Governance in China

The official name of China is the People's Republic of China is an independent country located in East Asia. China is the

world's largest populous country. The total population of China is about 1.35 billion (2012). China is a single-party state entirely governed by the Communist Party of China. The Chinese Government has been variously described as communist as well as the socialist, but also a authoritarian and corporatist (Unger et. al. 1995). Thus it prevails heavy restriction in many areas, most notably against free access to the internet, freedom of press, freedom of assembly, the right to have children, free formation of social organization and freedom of religion. Few of these features are sometimes considered as the indicator of governance. However, good governance is an indeterminate term used in international development literature to describe how the public institution conduct public affairs and manages the public service. Now the government in China steps forward to good governance. With the recent reform of government's institutional structure, China has made an important stride along the road to establish a new administrative system to clarify the role of state. In order to improve services to the public, Chinese government improves the performance of civil services and institutionalizes the management and accountability structure. However, still deep-stated problems with the administrative system that hinder economic and social development in China. Key challenges are to raise efficiency, accountability and transparency and to improve the administrative mechanism and government management. The Chinese government has undertaken an extensive reform to its civil service system over the past decades since 1980s. The capacity of the civil service has improved due to perhaps the reason other than the civil service reform.

Since 1980, Chinese government attempted to increase the capacity and the legitimacy of the state through reformation of the civil service. The main objective was an attempt to improve the Chinese governance by increasing its accountability,

predictability, transparency, participation, efficiency and effectiveness. These attempts used to be accompanied by the civil service reform to make the bureaucracy relatively more meritocratic.

Good governance requires a strong civil service which is accountable to the political executives and operates within the law and order. The civil service is required to remain open and transparent. The civil service also requires encouraging the participation of the community. Among the other objective to achieve is an efficient and effective civil service for the high capacity and the legitimate government. High capacity of the government is related to a kind of bureaucracy which is competent, committed and coherent. An effective personnel system in a developing country is assumed to be characterized by the following: (1) a legal and regulatory regime that ensures the rule of law, which gives the appropriate flexibility to the manager; (2) a relatively high degree of institutionalization to ensure predictability; (3) a selection system which can attract "the best and the brightest" and to utilize their talent properly; (4) a performance management system is assumed to motivate reward and retain the talented people. This management system is also assumed to manage the under performer; and (5) a disciplinary system that is just or effective in maintaining the corruption free service. High capacity bureaucrats under Chinese government are not found either at the center or in the developed parts during the 1990s. Central ministries are staffed by many highly competent and committed employees. Outside the center in China, the quality of public service varies considerably. For example, the more developed parts in China are able to support a more efficient and effective public service. In the less developed part of China, civil service is considered as the employer of the last resort. In those parts, there is no suitable employment opportunity as an alternative to civil service. The quality and the capacity of the individual

civil servant in the less developed part in China are considered as relatively low.

During 1993 to 1997, the Communist Party of China (CPC) extended the civil service system. The objective of the civil service system was to achieve the personnel management, including competitive hiring, performance evaluation, salaries and benefit pegged to the civil service pay and benefit. The public organization in China, including CPC itself, central committee, mass organization, the legislature, the Chinese Peoples' political consultative conference and the democratic parties all are used to be falling into the category of civil service. The judiciary and the procuratorators are also managed according to the system of civil service in China. In 2002, about 10.56 million people were managed according to the civil service personnel arrangement.

The Communist Party plays an extensive rule in the management of personnel, including the civil service in all the public organization. The CPC central committee has entrusted policy-making for the civil service to its organizational department. Anti-corruption work is handled by the party's central commission for the discipline inspection and the government's ministry of supervision. Civil servants recruited into position in the ministry are party member. Civil servants recruited into personnel department, including the specialized and technical one, must also be the party member. The party exercises the control over the public service appointment and dismissal in all the position from the lower to the upper. In China, civil service grades are divided into leadership and non-leadership position. There are 2,800 counties in China where most civil servants work in the local government in one of the China's county. Only 10 percent of civil servants work at the central level. The cadre system (1967) in China was borrowed from the Soviet Union in 1950s. Under this cadre system, the party in China manages all the cadre according to the uniform

rules and regulation. As the economy developed and liberalized, the positions of managers, administrator and professionals became more specialized. The CPC has also sorted to reform the personnel management of the public service unit to make them more market friendly. This reform was really very good. This reform sought to improve the efficiency and effectiveness of the civil service to boost its quality and integrity and to improve its performance. The 1993 reform took some effective policy which was designed to improve the capacity of civil service. Another purpose of which was to make the civil service more competitive. It is noteworthy to mention that civil service was recruited on the basis of open competition. The open competition included an examination process. The selection was limited mostly to the university graduates. Civil servants were provided with a career structure and the stability of the employment. As may be found in any other country, personnel management system was developed as the performance oriented. Civil service compensation was expected to be competitive with the market rate which is not normally found at any other countries, including Indo-Pak-Bangladesh sub-continent. Even though it is theoretical, civil servants in China like in any other countries were expected to be of high integrity.

The high capacity civil service system is characterized by open and competitive selection process. The main purpose is to be effectively utilizing the talent. All employees have to appropriately be trained. Setting and communicating performance standard have to be taken into account evaluation performance has to be made and recommended for the award. Recruitment and selection should be the best and the brightest. The high capacity civil service system is normally staffed appropriately by the qualified people. They are selected through open and competitive means. A mixture of generalist and the specialist is normally considered. Once again, the

whole purpose is to effectively utilize the talent. The quality of civil service at the local levels varies tremendously. Entry into the Chinese civil service, especially at the center is keen and increasingly competitive. To boost up the civil service recruitment, the Chinese government has taken the following steps: (1) raising the civil service, (2) waiving requirement of having two years working experience before selection, (3) increasing publicity, especially in universities and (4) relying more on the interest and the information technology in the recruitment.

The coastal area of China is relatively rich. The coastal area attracts more traditional civil service overseas because they can accept the lower base salaries. Civil service reforms with higher education have increased civil service capacity at the center and the provincial level. The civil service is the representative of the people. Chinese civil service is both more and less representative of the people as a whole. A relatively large number of official positions mostly at the local levels seem to have been filled through corruption. The sale and purchase of official positions have become a serious problem. However, building a culture of performance involves setting and communicating performance standards ensuring that civil servants have appropriate knowledge, skills and abilities etc. Evaluating the performance and feeding back to employees and the linking of the performance to rewards are the part as a culture of performance. Performance appraisals focus mostly on merit-related criteria. It seeks also to evaluate behavior on the job. China's performance management policy also seeks to link performance with rewards and stipulates the payment of bonus to those who have performed well. Though it is not very easy but the Chinese government does it. For example, to consecutive unsatisfactory ratings should lead to dismissal. Civil service regulations also stress that government officials should "be fair and honest and work selflessly in the public

interest". In Chinese culture, this is called impartial or impartiality. It is interesting in the Chinese system in that the authority can accuse the judiciary. If a crime collides with local officials, it can undermine the attempts to institutionalize the rule of law. Localism is a problem. But corruption with a civil service is a more significant problem. Corruption characterizes economies in development because they tend to have weakened the regularity system which may not be able to pay adequate civil service salary. Corruption gets related to the political party than any of the independent body. It means that it lacks an independent anti-corruption body, which makes the fight against corruption more difficult. Party officials protect their subordinate in a way as it becomes easy to do. The government recognizes that building norms and routines is a long-term process. Institutionalization of civil service reform goes hand in hand with the development of a system of the rule of law.

The Chinese civil service reforms have an impact on either improving the capacity of the civil service, or on the performance of government bodies. The factors that influence the performance of the government bodies are many and complex. These include resource, institution, management, mechanism as well as the existing political environment. According to some research, factors other than the civil service reform are the most important to explain the performance. Leaders in the government bodies are identified as political leadership and the financial supporter. They are more important than the civil service reformer to improve civil service performance. It is confirmed that the civil service reform is perceived to play some important role.

Chinese civil service system is heterogeneous rather than homogenous. There are two kinds of civil service in China. The first kind is the performance oriented, which selects the best and brightest through the competitive mechanism. This kind of first one links rewards to performance. It does not tolerate

indiscipline and corruption. The second kind serves as the employment of the last resort. It selects on the basis on many different criteria some, of which are not very relevant to the jobs. The second kind of civil service in China is characterized by the high level of indiscipline and corruption. In China, the performance oriented systems operate primarily at the center and in the richer coastal areas. The traditional systems operate in the poorer and in the less developed areas. How to improve the system in the poor areas? Improving the system in poor areas depends in no small part on improving the level of economic development. Development is most likely furnished with the competent and committed bureaucracy. The development policy recommendation may be mentioned in the following manner:

1. (a) The working policy and practice should be as transparent as possible. Then it will enhance the legitimacy and the accountability and to attract and the best the brightest candidate,
- (b) The ministry of personnel should maintain the publicly available data-base,
- (c) It will publish the regular information on the size, distribution, gender composition, age distribution and educational background of the civil service individual; and
- (d) Through publishing much a document, the country's civil service can be fairly and impartially managed.
2. In order to enhance the civil service meritocracy, applicants are required to take and pass the civil service entry examination.
3. To decrease the corruption, rotation of services between departments is a must. In addition to, its auditing for the family property is necessary from time to time.
4. Civil service personnel may be transferred from the rich to the poor areas to assimilate their knowledge of expertise equitably throughout the country.
5. Compensation or the salary in other words for the civil servant should be maintained at a competitive level.

4.3 Governance in Singapore

The government of Singapore is defined by the constitution of the Republic of Singapore. It means that it is the executive branch of government which consists of the President and the Cabinet of Singapore. The role of the President is largely ceremonial. However, the President acts in his own direction in the exercise of certain function. The President does it as a check on the cabinet and the parliament of Singapore. The cabinet is composed of Prime Minister and other ministers on the advice of Prime Minister. All these ministers are appointed by the President. The President is almost like a sole authority to generally direct and control the government. The cabinet is formed by the simple majority political party in the general election. The statutory board is an autonomous agency of the government of Singapore. This board is established by an act of the parliament and overseen by a government ministry. The statutory board is not staffed by the civil servant. The statutory board enjoys a greater independence and flexibility in their operation. The statutory board is something additional to the mainstream administration by the ministries and the government departments as the subdivision of the ministry.

The People's Action Party (PAP), won the May 13, 1959 general election and assumed the office and attained self-government from Britain on June 3, 1959. During the British period, Singapore used to be the different place. It was a poor third world country. Singapore afflicted with serious housing

shortage with an unemployment rate of about 14.5%. Among the other problems that were used to be are political instability, labour unrest, corruption and a high crime rate. Today after 53 years under the PAP government, Singapore has been transformed into a first world country. It is no longer afflicted by the problems Singapore faced in 1959. Most of these credits are attributed to the effectiveness of various policies introduced by the PAP government since 1959. The Housing Development Board (HDB) was created to tackle the housing shortage. The Economic Development Board (EDB) was created to generate a job by attracting foreign investment in Singapore. These two boards were formed to reduce the workload of the Singapore Civil Service (SCS), which was not equipped to solve the housing shortage and create jobs. The civil service people were handicapped by the rigid regulations and their inflexibilities. They used to have a colonial mentality which did not tend to deal with the problems faced by Singapore. Since 1959, the Singaporean government adapted a zero tolerance policy toward corruption. Once the Minister Mentor Lee Kuan Yew said, “we were sickened by the greed, corruption and decadence of many Asian leaders. We had a deep sense of mission to establish a clean and effective government. When we took the oath of office in June 1959, we all wore white shirts and white slacks to symbolize purity and honesty in our personal behaviour and our public life. We made sure from the day we took office in June 1959 that every dollar in revenue would be properly accounted for and would reach the beneficiaries at the grassroots as one dollar, without being siphoned off along the way. So, from the very beginning we gave special attention to the areas where discretionary powers had been exploited for personal gain and sharpened the instruments that could prevent, detect or deter such practices in Singapore” – Lee (2000). In 1959, a corruption used to be a part of life in Singapore. The government learns from the mistakes committed by the British colonial government about

how to curb corruption by providing the appropriate authority with more legal power, personnel and funding. There important features of rectifying weaknesses and enhancing the legal powers are the following, first, the penalty for corruption has been significantly increased to imprisonment, secondly, a person found guilty of accepting an illegal gratification has to pay back the amount equal to bribe in addition to the punishment imposed by the court. The third and most important the appropriate authority can investigate the bank account, share account, or purchase account of any person suspected of committing a corruption offence. They will have the authority to check if the account number is not consistent with the victim source of income. Singaporean citizen working abroad for the government or its agencies can also be prosecuted for corrupted offences committed outside Singapore. Such as corruption would be dealt with as if such offences had occurred in Singapore. They prosecute both the big and small cases of corruption. They also prosecute both the giver and receiver of the bribes and they can also prosecute any other crimes that can be found during the investigation. During such a corruption investigation, they can make a strong recommendation on about how to remove the loopholes and vulnerabilities to corruption. As usual, the law enforcing agencies in Singapore includes the police and immigration department.

The Public Service Commission (PSC) was established in British colonies to insulate appointment, promotion and discipline in the civil service from politics. PSC was created in Singapore in 1951, India in 1926, Pakistan in 1947 and Bangladesh in 1972. The Public Service Division (PSD) of Singapore (1983) was responsible for all personnel policy matters concerning appraisal posting, training, schemes of services, service condition, welfare etc. To enhance the ability of Singapore Civil Service (SCS) to compete with the private

sector for the talented personnel, and the public personnel management system was further decentralized.

The People's Action Party (PAP) or the government has relied on increasing salaries of ministers and senior civil servants to reduce the growing differential with private sector salaries. A competitive salary for competent and honest government was presented to the parliament to obtain the approval. The salaries used to be very competitive to the average salaries of high official in the private sector. The salaries were comparable to those of accounting, banking, engineering, law, local manufacturing companies and multi-nationals corporations. Economics growth rate was 4.5 percent in 1999. Unemployment rate during that time fell from 4.3 percent to 3.4 percent due to the competitive public sector salary the brain drain of political leaders to the private sector decreased. The attractive remuneration for the permanent secretaries was very effective to retain them in the office of the civil service. More of the secretaries left the public sector job before their retirement. This policy was very good in minimizing corruption and in maintain meritocracy in the office of civil services in Singapore. This competitive salary was very effective to attract the best and brightest citizen to Singapore civil service. All these resulted in Good Governance in Singapore. It is noteworthy that Singapore has been consistently ranked as the least corrupted country in Asia from 1995-2009 and in 2011. The red-tapism was not a problem at all in Singapore according to a survey conducted by the World Bank. There is no doubt about the fact that Singapore in Asia is a clear example of a good governance. It is not very easy to compare Singapore to any other countries in Asia, which lack political will and are of unfavorable policy context. The public administration in Singapore is the product of the local policy context and the policies implemented by the PAP government. It is, however, not very easy for the other Asian countries to

implement good governance and their policies in particular. Because of many different reasons, in addition to the contextual differences between Singapore and other Asian countries, it is not very easy for the other countries to copy with Singapore, some of which can be mentioned below. First, in terms of the size, Singapore is the second smallest country after the Macao, which has a land area of 29.25 sq km. The second important difference is population in Singapore which is as small as 5.3 million. The land area, population, GDP and the governmental effectiveness by various Asian countries are briefly mentioned below.

Table: Policy contexts of 26 Asian countries

Country	Land area (sq km)	Population (2010) (million)	GDP per capita (2010) (US\$)	Government effectiveness (2010) (% rank)
Afghanistan	652,230	30.6	517	4.8
Bangladesh	143,998	164.4	640	21.5
Bhutan	47,000	0.7	1,920	68.9
Brunei	5,765 5	0.4	31,238	77.5
Cambodia	181,035	14.1	760	22.5
China	9,560,900	1,338.3	4,260	59.8
Hong Kong SAR	1,104	7.0	32,900	94.7
India	3,287,263	1,170.9	1,340	55.0
Indonesia	1,904,443	232.5	2,580	47.8
Japan	377,727	127.4	42,150	88.5
Laos	237,000	6.4	1,010	16.7
Macao SAR	29.2	0.5	39,036	88.0

Malaysia	332,665	27.9	7,900	82.3
Mongolia	1,565,000	2.7	1,890	32.1
Myanmar	676,578	48.1	NA	2.4
Nepal	147,181	29.9	490	25.4
North Korea	120,538	22.6	N/A	0.5
Pakistan	803,940	173.4	1,050	25.8
Philippines	300,000	93.6	2,050	51.7
Singapore	710.3	5.1	40,920	100.0
South Korea	99,274	48.9	19,890	84.2
Sri Lanka	65,610	20.5	2,290	49.3
Taiwan	36,179	23.2	18,458	84.7
Thailand	513,115	68.1	4,210	58.4
Timor-Leste	14,874	1.2	2,200	10.0
Vietnam	331,114	88.4	1,100	44.0

The third contextual difference between Singapore and other Asian countries are GDP per capita, which is US \$40,920 in 2010, or is the second highest in Asia or next to the Japan. Singapore is a city-state which is richer in per capita income and smaller in terms of land area and the population. The PAP government in Singapore has been in power since 1959. They implement policies effectively, curb the corruption and have been able to ensure the ease of doing business in Singapore. Former Prime Minister Lee Kuan contributed to the success of Singapore to the quality of its political leadership. It is the quality of the man who ran Singapore with its decisive action. We need good men to have good government. In Singapore, it was the ability of its ministers and of high quality of the civil servants who supported the President. Singapore was associated with small, development story and a fair share of

talent. The talents of the Singaporean were reinforced by the talented men and women who come here for their education and stayed on for employment and business opportunity in Singapore. They had a policy of having the best and the brightest in their government. They were probably one of the Singapore's major strength. They are potentially the most able to invent what the country needs to survive and grow. The Singaporean government attempted to maximize the people's intelligence, skills and honesty. Singapore's transformation from a poor third world country in 1959 to an affluent and politically stable first world country today as the result of the ability of its political leaders and civil servants to formulate and implement the policies about the problems and prospects for the past 53 years. The PAP leaders reorganized the civil service in Singapore and changed their attitude to contribute to the attainment of the national development goal. During the past independence from the British regime, the government reduced heavy workload by decentralizing its function. The Singaporean government was able to learn from the mistake made by the British in curbing corruption and enhancing the effectiveness in combating corruption. Finally, the government became success in promoting economic growth by enabling it to compete for the talented personnel with the private sector by paying competitive salaries to ministers and senior civil servants. It prevented the scholastic governmental officials to leave the public sector job for those of private sector. All these above including zero tolerance for corruption, meritocracy in appointing and promoting civil servants are very important. In addition, passing competitive salaries to attract the best and brightest citizens to join the government, or civil services is also very important. During 1971, Singapore held a Commonwealth Prime Ministers' conference. They declared a common set of principle of good governance, including upholding human rights, opposing racial discrimination, reinforcing the rule of law and implementing some economic

management. Globalization has been a powerful force to impact on governance. Secondly, globalization makes good governance. Honesty, sincerity, lawfulness and their good effects can easily affect other countries, or the neighboring one in particular. Similarly, financial crisis, terrorism, or any kind of miss happening in one country can become a serious problem in many other countries due to globalization. If the government stays away from good policy, or if they stay with bad policy, the country will pay a heavy price. Successful governance is founded on expectable principles. Principles are anchors that give a government a firm footing even in uncertain or turbulent times. It is the government principle that the government by maintaining the integrity of the public service and avoiding waste and excess. The government has to have the principle about how to bring in the financial sound system including pensions, health care, banking etc. International financial institution, including IMF, World Bank, IDB, ADB and the related others are the advocates of government at reforms. Normally, these institutions try to provide their aids while meeting the requirement of good governance. Successful governance has to have a combination of universal principles and the policy that are very relevant to the countries of unique circumstances. The principles of governance in Singapore may be made in a brief in the following. The people of Singapore believe that “Leadership is a key”. The Singapore is a small country. The countries other than Singapore are like a big oil tanker. Singapore is just like a speed boat.

The people in Singapore are more vulnerable to any thing that happens negatively in the ocean beside Singapore. It means that people in Singapore must be able to avoid hazards. They must have smart leaders to steer their speed boat. They need very good leaders who will know what to do in response to what is right and not necessarily what is popular.

The people of Singapore, good leaders, efficient public sector workers, and a good system of requirement, career development and administration have smartly contributed to Singapore. Among the broad principles in Singapore are: anticipate change and stay relevant, and the public service people cannot afford to be passive or reactive. They do not get trapped in the past. They are well-cultured in opening the new ideas. Civil service people need to take more risk as the economic principle of taking risk as “higher is the risk, higher is the return”. The civil service people need to be more familiar with business, markets, economics etc. They must play a role of facilitator and promoter. Among the other principles are “reward for work and work for reward”. Create an environment where there is a stake for everyone and opportunities for all. Singaporean environment is about to create an inclusive society where citizens do not merely enjoy the economic wealth, but feel a sense of ownership and belonging. Even in the sense of economics, sense of belonging and incentives are more important in terms of productivity, higher production, higher GDP, higher per capita, well-being and the related other benefits. All these are the reflection of incentives from ownership with higher output from higher productivity. These are the magical figure of open market and open economy. The people in Singapore would want to make their country a land of opportunity, a home they love, a community they belong to and finally a country in which they are proud to call their own. Principles are not panacea for the issues of governance. We understand you have a principle but that is not enough. You need to analyze problems and understand them what in right things to do. The principle of the society of Singapore is their unique history and circumstance. These principles have been helping the people of Singapore by providing a common basis, from which they can tackle and solve many complex problems which are very important to resolve in governing the country of Singapore.

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Chapter Five

Governance in Developed Countries

5.1 Governance in USA

The United States of America is geographically the 4th largest country. In terms of population, the USA is the 3rd largest country. In the aggregate economy or in macro sense, the USA is the number one out of the 210 countries in the world. The US economy suffered to a great extent in the recent past due to depression. During depression, the production of goods and services is relatively low and the price and the demand for the goods and services are also low. The country has again been recovering its economic deficiency. China has been growing at the relatively fast rate. According to many, China will take a decade or little more than a decade to compete and beat the US in terms of the aggregate economy.

The largest or top ten countries by population are in the following table:

Table: Top 10 populous countries 2011

Name of Country	Population (in Millions)	Population Density (Per Sq. Km.)
China	1363	142.50
India	1242	417.86
United States	318	34.70

Indonesia	250	130.18
Brazil	201	23.76
Pakistan	186	217.21
Nigeria	173	190.62
Bangladesh	152	1033.53
Russia	143	8.77
Japan	127	348.75

However, the largest country by population may or may not be the same or even similar to those countries which are defined largest by the area. The top 10 countries by area are presented in the following table:

Table: Top 10 countries by area

Name of Country	Total Area in Sq. Km.	Population Density (Per Sq. Km.)
1. Russia	16,377,742	8.77
2. Canada	9,093,507	3.82
3. China	9,569,901	142.50
4. United States	9,158,960	34.70
5. Brazil	8,460,415	23.76
6. Australia	7,682,300	3.07
7. India	2,973,193	417.86
8. Argentina	2,736,690	15.57
9. Kazakhstan	2,699,700	6.25
10. Algeria	2,381,741	15.91

The human being would like to maximize their utility, satisfaction and happiness in their life and living. They would

like to have a living environment where they can protect their basic rights and freedom in favour of increasing their happiness. To accomplish all these, we need an administrative body in the society which is called the government. The aims and objectives of government are to protect and serve the people. The election is the ways and means by which people select the government. As found in the multi-party system, the government can bear the responsibility which is shared by more than one political party. However, the US political system is not of the multi-party system. It is mainly of two major political parties namely, Republican and Democrat. The US politics must go by the rights and privileges documented in the constitution regardless of the fact that the political party might differ in their respective policies. In any country, anything is possible in serving the better interest of the human being even though the political parties might differ in their background. The society must be provided with a government that is relatively more competent and more efficient. As of January 6, 1941, the US president Frank D. Roosevelt proposed four fundamental freedoms that individuals of the human world or people everywhere in the world should enjoy the following:

- Freedom of speech and expression
- Freedom of worship
- Freedom from want
- Freedom from fear

The ethics behind the formation of the American government or nature of the American government can clearly be mentioned in the following way: Instead of fearing, the government should be loved. Instead of frightening, the govt. will be in a position to protect the country. According to Abraham Lincoln (1863), “the government is “by the people, for the people and of the people.” Each individual likes to avail the opportunity around him to acquire more of everything for the gain of himself and his family. Therefore, it is not

unexpected to claim and blame that the government is founded by individual. Or the same or, similar individuals are supposed to naturally be the greedy and corrupted. They might be interested in filling their own pockets. However, there must be a limit in the exercise of the self-nature of characteristics of the human being. Taking that into account, the existence of the government is very much needed. The USA is a big country with a small government. India is a big country with a big government. Bangladesh is a small country with a government smaller than what is required for Bangladesh. In per capita measure, the USA is doing better. “That a government is best which governs least”, says Thomas Jefferson. However, the government has been necessary for each and every country to ensure safety, security and the law-and-order in the human society. Governments are sometimes idealized and realized and often are sometimes criticized. All it means that some governments are good and some governments are bad. Leaders of the good governments are appreciated for their fairness. On the contrary, the leaders of the bad governments are always blamed for bad governance including corruption. The American political system is rooted in the ideology that government can just exist and that its citizens can experience a good measure of liberty and equality in their personal life. As to the role to be played by the government or its purpose in particular, the government needs to protect people from conflicts by implementing law and order. According to Karl Marx, the idea of property makes people selfish and greedy. People can protect themselves better if they stay together in a group. The staying together is a basis of the sovereignty. The sovereignty is the right of a group to be free of outside interference. The part of the government’s function is also to protect its citizens from outside attack. The ancient Chinese Emperors constructed a great wall to defend the borders of their Emperors. The country simply needs to organize to prevent the outside attack. The government responsibilities are

extended to include the economy and public service. According to the capitalism or market economy, the market should be free from the intervention by the government. The government will try through its fiscal, monetary and tax policy to control credit, inflation and the value of its currency. Rules, regulation and the responsibilities--all can vary between the governments to meet their various needs. These also can vary within the government through time and place. It is the great responsibility of the government to provide the parameter for its everyday behavior for its citizens, protect them from outside interference and often provide their further well-being and happiness. As to participate in government, some people get together to show that they are in favor of some particular idea or agenda. They hope that their effort can influence the political process to implement their idea. People's movement includes marches, memorandum or political freedom etc. People may have many more opportunities than can be mentioned. The essence is that everyone or any citizen has a voice in good governance. As to identify who and why participates in the government, the individual education is very important. The relatively more educated individual is more likely to go and cast their vote. Educated people understand the complex issues better. They are well aware about the civic responsibilities. Occupations of the educated people are more flexible. They can manage their time to go to the polls. Education and wealth are positively associated which help them get involved in the political process. Education helps people participate in the government by protesting ideas, policies and agenda. As to the age, despite the big push in the early 1970s to allow 18 year old to vote, 18-24 years olds have consistently held the lowest rate of voting in the US. In fact, in recent years their older siblings (age 25-34) don't do a whole lot better. The highest percentages of eligible voters who actually vote in the US are of those ages 45 and above. As to the racial and ethnic group in the US, whites are of higher voting rates than blacks or Latinos. However,

regardless of income and education, the voting rates are about the same for whites, blacks and Latinos. It used to be the fact that women were under-represented at the voting booth which is not true anymore. Voter turnout in the US has been estimated as something declining. Many Americans prefer to participate in many more ways rather than going to the voting center. It is about 50 percent or little more of the 50 percent used to go to the voting center about a couple of decades ago. Voter turnout is relatively less in the USA than in many other countries. The people's interest in politics is not very high in the US. The young voters are very reluctant to participate in the voting. Many think that American non-voting may be a vote of passive confidence. Many Americans also think that they are happy with the ongoing economic progress in America. Although American voter turnout has been declining, their other avenues of participation remain strong.

Voting rights are the human rights and privilege. Each and every adult citizen of a country has equal right to participate in the election. The voting rights and privilege are normally given equally to all people. The parliamentarian or the peoples' representative in both Lower and Upper House thus get selected properly. However, the people in the USA are historically found less than active in participating in the election. It is even funny to think that many people in the US are reluctant to go to the polling center. Historically, percentage of people casting votes is around 50 percent or even less than 50 percent. So, peoples' participation in the US government through its voting system has been suffering from the following:

1. Difficulty of Registration
2. Difficulty of Absentee Voting
3. The Number of Offices to Elect
4. Week Day Voting
5. Weak Politics at the local level

The system of voting registration is not the one of automatic as is found in the US. The citizens in the US are responsible for their own registration. The US permits the same day registration for the voting purpose. The same day registration for voting in some states increases its number of voters than the other states within the US that does not permit the same day registration. If somebody cannot be present physically in the voting centre, he or she can make use of the absentee ballot. However, the rules about the absentee voter are very stringent. Americans elect more people to public office than do citizens of any other democracy. In the US, people vote for representatives, senators, as well as the president and vice-president. Americans also vote for governors, senators and representatives at the state level. Most state and local elections in the US are held during the week. Many people find it difficult to get off work in order to go for vote. In many countries, the political party puts an effort to get their voters to the polls. Parties normally invest a lot on the occasion of voting by increasing the awareness, timely alert and even by helping people with the transport facilities etc. It is not very happy news to learn that American political parties today are not as strongly organized at the grass root or local level.

The media is very important in any event to focus on the individual, family, friends, society, company and the national activities including the election or voting in particular. The media is sometimes blamed for the less than appropriate focusing. The influence of the media in the US is increasing by the fact that campaigns today have become more focused on the individuals rather than on the parties. The individual candidate looks for the help by media to gain attention from voters. So, the media is liable in part to hold a kind of indirect power including those of politics. The parliamentary election in the US is participated only by two major parties namely Republican and Democrat. Republicans are relatively more conservative or, protectionist. On the other hand, Democrats

are relatively more liberal. The protectionist Republicans does commit a lot of discrimination. For example, republicans try to favour the white against non-white, main stream people against immigrants and men against women. However, the above such discrimination has been gradually decreasing in the US. For example, we can see the black to be the City Mayor in Chicago and in the other big cities in the US. The opportunity for the politics has been remaining open for all. Traditionally, the people in the US are relatively reluctant to participate in the election or the voting in particular. The common people should be encouraged to participate in the process of selecting the public representatives locally and centrally. In other words, let the American go for a breakthrough of their traditional culture of reluctance in participating in the public forum. As proposed by the US president Roosevelt in 1941, the US citizens enjoy different kinds of freedom including the freedom of expression, freedom of worship, freedom from want and freedom from fear. It is not very easy to define a country in absolute terms of its merits and demerits of participation in the government. Compared to many other developed countries, the government in America is believed to be relatively more accountable. Among the other beliefs are the USA is a big country with a small government. Bureaucratic problems are relatively less in the US. The US government is also believed to ensure the relatively more safety, security and law and order in the human society. Citizens of US experience a good measure of liberty and quality in life and living. The people in the US also enjoy the liberty of getting together to show that they are not in favor of some particular idea or agenda. Educated people have always been participating in the US government by protesting ideas, policies and agenda. It is true that about 50 percent Americans do not go to the voting polls. However, many Americans prefer to participate in more ways rather than going to the voting center. The other avenue of the people's participation has been remaining strong in America. The

influence of the media in the US has been increasing particularly to focus on the individual.

It may be referred to a memorandum by President Barak Obama for the leaders of executive departments and agencies subject of which is transparency and open government. Obama administration is committed to creating an unprecedented level of openness in the government. His government is committed to ensure the public trust and establish a system of transparency, public participation and collaboration. He believes that openness would strengthen the US democracy. Openness would also promote efficiency and effectiveness in the US government.

5.2 Governance in Canada

Geographically Canada is the second largest country in the world or just after the Russia. Total population of Canada is about 35,158,300 (estimated at 2013) and the area is 9,984,670 km². It is the most thinly populated country in the world, the population density of which is about 3.44 per/ km². The administrative system of Canada is mostly the state or local level oriented. So, in terms of administrative and thin-population, Canada is a small country with big government. It clearly means that a lot of people work for the government of Canada. As in public sector, the country suffers from two things namely, incentives and productivity. In any country with big government the opportunity of increased private sector stakeholder is relatively narrow. Because, privately taken initiative gets complicated from more rules and regulation. The stakeholder really cannot take the profit fully out of their investment which is a constraint to economic growth and development. Workers do not go for the hard work as the output or reward is not possible to maximize for them. Canadian economy is the public sector dominated economy

where both the incentive of the stakeholder and the productivity of the worker are relatively the low.

Canada is a democratic country. All the eligible citizens have the right to participate in making their decision through the government that affects them. Like the other democratic countries, Canada is called a representative democracy. The constitution is the highest law in Canada. There are three levels of the Canadian government include:

1. The Federal level,
2. The provincial level, and
3. The municipal level.

According to the Constitutional Act, the national election is held at least once in every five years to decide who will represent the Canadians in the House of Commons. Canada has many different political parties. Therefore, Canadians have a choice in expressing different views by voting for a member from a specific party during election time. This is called the party system of politics. On Election Day, most voters go to a nearby location called polling station, where their names are checked off the voter's list if they are already registered.

There is a significant degree of consensus that good governance relates to political and institutional process. A country is defined well in its governance while there exists some key attributes such as transparency, responsibility, accountability, participation and responsiveness in the process of government. Good governance is also about the process for making and implementing decision. In Canada, a local government is distinguished from the provincial government as it is chosen by and held accountable to the local community. Since it is important to have confidence in the local government, Canadian local government takes a decision which is transparent and accountable in a way so as to preserve

people's interest. As in local level, good governance is also important at national level. For promoting growth and sustainable human development, good governance is a must. By linking good governance to sustainable human development, emphasizing principles such as accountability, participation and enjoyment of human rights are needed. Basic human rights are the fundamental freedom of any country.

Along with other non-governmental organizations in Canada, the Canadian Civil Liberties Association (CCLA) has been working on fundamental freedom in various parts of the world including Canada. The study of governance in Canada reviews the program initiative taken by the CCLA and makes necessary comments as may be required. As the program including the fundamental freedom program, aims to promote, protect and preserve these rights and freedoms. The fundamental freedom is a core CCLA program. The parts of the fundamental freedom programs are:

- Freedom of assembly
- Freedom of association
- Freedom of expression
- Freedom of religion
- Freedom of information

It is believed by many that fundamental freedoms do prevail in those societies that are having the truly free society. A free society can accommodate a wide variety of beliefs, diversity of test and pursuits and customs of codes and conducts. The Canadian charter of rights and freedom protects those freedoms that are considered fundamental in a democratic society. Freedom can be of multiple types including freedom of opinion, thought, belief and expression and freedom of press, conscience, religion and freedom of peaceful assembly. In

Canada, recommendations about the fundamental freedom made by the CCLA are the following: (a) The increased regulation of less-lethal weapons, (b) The increased precision and clarity regarding the scope of human right protection by the protest, and (c) The increased attention to and vigilance of legal and administrative limitations on the right to protest. However, lethal uses of weapons are very harmful to any living beings including the human as well as the animal. Higher regulation to limit the use of lethal weapons is associated with the fundamental freedom. It is normally desired that the government will pay attention to limit on deployment of the use of lethal weapons during any kind of protest in the society. The government should establish and enhance the domestic and international use of regulatory frameworks to control the police use of less lethal weapons. It is also recommended by the CCLA in Canada that lethality of the weapon must be tested before it can be used by the policeman in the protest. Testing of less-lethal use of weapon must include a thorough test and the independent and the scientific test so as to make sure that these are going to be made as the less-lethal weapon. The policeman must be provided with a kind of effective training on about how to make use of less-lethal weapons. Through the scientific study and review regularly or from time to time is important to make sure the compliance of the policeman on the use of less-lethal weapons. It may shortly be noted that our total objective is to limit the destructive action on the movement. The people in Canada must precisely define and clarify human rights and the scope of human rights protection for protests. The state should explicitly affirm some action that is not strictly unlawful. CCLA believes that people have to be equally protected. They enjoy rights and freedom of peaceful assembly. Even some demonstrations are unlawful; it is to be ensured that these are also equally protected. The policeman will not make any difference between the lawful and unlawful demonstration. States should explicitly recognize that individuals who are

exercising their peaceful assembly rights continue to receive protection, even when other individuals within a crowd commit acts of violence. The government makes a statement on the limit of peaceful assembly from time to time. Such statement made by the government should be accompanied by an affirmation that the other human rights, norms including the use of police force must remain relevant. According to the 3rd recommendation made by the CCLA in Canada, increased attention to legal and administrative limitation on the right to protest must be made. Equivalently vigilance of legal and administrative limitation on the right to protest must also be increased. It is the responsibility of the state or the government to review the domestic legislation. A review of such legislation is made to ensure that administrative and legal legislation are necessary or proportionate. The attempt by the government to restrict or protest must not be unnecessary or disproportionate. The necessary protest can help the government learn what the people want. Accordingly, the government will facilitate the people's right to protest.

Good governance, human rights and development are logically inter-connected. Every human being or all people are entitled to participate in and are also entitled to contribute to enjoy social, cultural and political development. To report good governance and human rights are mutually linked or reinforcing. Human rights principles provide a set of values to guide the work of governments and the other political and social factors. Human rights also provide a set of performance standard to measure the progress of different social actors. The performance standard given by the human rights is also used to measure about how to make the human rights actors accountable. The good governance is needed to create an environment in which human rights are respected and protected in a sustainable manner. The favorable environment includes the legal framework as well as the political, managerial and

administrative process. These are necessities to make the system responsible for responding to the rights and needs of the people. The Canadian government made the human rights as the part of the Canadian law. The four mechanisms in Canada to protect human rights are the following: The Canadian Charter of Rights and Freedoms, the Canadian Human Rights Act, the Canadian Human Rights Commission and Provincial Human Rights Law and Legislation.

Most Canadians believe that Canada is a positive model of the human rights for the rest of the world. The Canadian authority deals with some issues of human rights abuses which have attracted condemnation from the international bodies including the United Nations. Relating to the human rights values, good governance reforms of democratic institutions create an avenue for the people to participate in the policy making. People participate in policy making through formal institutions or informal consultation.

Here are some of the democratic issues in Canada

- (a) Canada has yet to make reparations to the First Nations. Instead, it maintains many of the First Peoples in abject poverty
- (b) Canada is one of only the three economically-privileged nations-the UK and the US are the other two – that does not use some form of proportional (PR) representation in its electoral system. The international experience is that PR enhances democratic participation and produces more representative governments
- (c) Canada maintains an archaic, unelected, very expensive Senate, based solely on patronage appointments
- (d) Elected representation in the House of Commons is unfairly distributed by population across the nation,

- (e) Canada remains tied to the British sovereign, represented in Canada by the Governor General, but should have an autonomous head of state as other members of the Commonwealth do and
- (f) Successive Liberal and Conservative governments have eroded the powers of the legislative branch of our government, the House of Commons, arrogating to Prime Minister's Office an inordinate degree of executive decision-making.

A good governance reform includes many attempts taken by the Canadian government. They improve the state's capacity to perform its responsibility so as to enable it to provide public goods. Public goods for this purpose are those ones selected for the protection of a number of human rights such as the rights of education, health and food. The reform initiatives are taken by the Canadian government including mechanism of accountability and transparency. It also includes culturally sensitive policy tools to ensure that services are accessible and acceptable to all. It creates a path for the public participation in decision making. The ultimate goal of the Canadian government is to provide the people with the single point of access to all with governmental programs and services regardless of where they live or how they wish to interact with the government.

Canadian laws embody the basic moral value of the society. Canadian laws impose limit on the conduct of the individual. The purpose of such limitation of conduct is to promote the greater good governance. It will also make their community a safe place to live. Canadian laws never permit the law to steal and to injure another person etc. The laws in Canada stand against driving recklessly and polluting the environment. These laws are designed to protect the social being in many different ways. People are said to be ruled by the Canadian law. People

will not be ruled by those people who enforce the law. No one in Canada is above the law. Everyone, no matter, how wealthy or powerful he/she is must obey the law or face the consequence. In fighting corruption and government efforts rely on principles such as accountability, transparency and participation to shape the anti-corruption device. In Canada, the Corruption of Foreign Public Officials Act is a corruption law in force. This law was passed in 1999. Historically, Canada is a nation founded by the British and the French. There are many more ways than we think to participate in the government. If you take an interest in your community, if you form an opinion in politics and if you go to cast your vote, you are part of the government. Canadian government has been trying its best to increase the people's participation in the government. The government is putting effort directly through its related branches indirectly forming institutions to increase the people's participation. The different attempts taken by the Canadian government is undoubtedly appreciable relative to those in the other country. However, the Canadian authority is still not beyond the criticism in the way it has been dealing with the common people.

5.3 Governance in Germany

Germany is officially defined as the Federal Republic of Germany. The country consists of 16 states and its capital and the largest city is Berlin. Germany covers an area of 3,57,021 square kilometers. It has an inhabitant of 80.6 million and is the most populous member state in the European Union. Germany is the major economic and political power of the European continent and a historic leader in many cultural, theoretical and technical fields. Germany has the world's fourth-largest economy by nominal GDP and the fifth-largest by GDP in Purchasing Power Parity (PPP). As a global leader

in several industrial and technological sectors, it is the second-largest exporter and third-largest importer of goods. It is a developed country with a very high standard of living featuring comprehensive social security that includes the world's oldest universal health care system.

As to the society of Germany and its instrument and cooperative strength of its development policy, the promotional good governance is a priority. German Development Cooperation offers a broad mix of instruments which constitute a comparative strength of German Development Policy.

In Germany, it is well understood that strengthening the independence of a free media is very important as the good governance is concerned. Gender equality in Germany has been a central issue within the German development policy. Gender equality in Germany has been one of the dimensions of good governance. The people of Germany or the German are well aware about the fact that both men and women can help to shape political, economic, cultural and social development autonomously in Germany. The economic empowerment of women is one of those means which tend to boost up the economic development in Germany. People of Germany are also aware that public administration is the foundation stone of every democratic and efficient rule-of-law state. Administrative reform is also a key connection between the state and the society. Administrative reform is an important part in any country to secure its good governance by sector. Supporting the administrative reform, the civil service, public finance and customs administration are very much needed with efficiency, transparency and responsiveness. Good financial governance, transparency in the extractive industries and anti-corruption are not the matter to be over emphasized. Strengthening the rule of the public budget as a central policy can conveniently control the instrument and the actors in the parliament. Handling the public budget efficiently is helpful to

oversee the government and the administration that are involved in the budget process. Weak institutions, failed economic policies and corruption are only some of the reasons why income from the extractive industries contributes little to reduce poverty. German development policies, therefore, supports the transparency initiative. The German government can be made publicly accountable for the use of these partners fund associated with corruption. German development cooperation offers a broad mix of instruments which constitute a comparative strength of German development policy.

According to the Transparency International 2013, political parties and businesses are the most corrupt institutions in Germany. Petty corruption is not as uncommon as the other European countries. To fight against the corruption, Germany has not yet ratified against the UN convention of corruption. Also, Germany did not ratify the council of Europe's civil and criminal law convention. Tax regulations and the restrictive labor regulations are the most problematic factors for doing business in Germany. Trust in the ethical standards of politicians is relatively high. Irregular payments and bribes really take place in relation to public service.

Corruption and lack of transparency in Germany in public revenues are obstacles to development. Corruption undermines the effort of alleviating poverty and the democratic participation. Public resources are worthless instead of being used to promote sustainable development for all. According to an estimation by the WB institute, the bribery alone is costing the whole of world US \$1 trillion every year.

The German government supports the establishment of international anti-corruption standard. The German government has been helping its partner countries to ratify and implement the UN Convention against Corruption (UNCAC). Germany has been working closely with Transparency International

since its inception in 1993. Partner countries and donors must be accountable both to each other and to their citizens. The government in the partner countries have to be made more responsible, which will result in improved standard of governance. Germany is helping the development oriented partner and governments to get rid of government institutions of corruption. Germany is also helping to make public administration transparent, effective and responsive to the public's need. A vigilant civil society is a vital element in fighting corruption in the developing countries including Germany and Europe. Relevant initiatives are being supported through development cooperation. Since 1997, the government negotiation took place between partner countries and Germany through the anti-corruption agreement. The German government also takes the view of international and regional anti-corruption conventions and transparency initiatives.

5.4 Governance in UK

The United Kingdom consists of England, Scotland, Wales and the Northern Ireland. The United Kingdom is also commonly known as the Great Britain. The United Kingdom is a free and sovereign state located off the north western coast of the continental Europe. The country includes the north-eastern part of the island of Ireland and many other smaller islands. Northern Ireland is a part of the UK and it shares a land border with another state which is the Republic of Ireland. The UK is surrounded by the Atlantic Ocean, with the North Sea in the east, the English Channel in the south and the Irish Sea in the west. The total land area of the UK is 243,610 square kilometer or 94,060 square miles. As of 2013 census, the UK has a population of 64,100,000 living 661.9 people per square kilometer. The UK is the 22nd largest country by population and 76th largest by its land area. According to the International

Monetary Fund (IMF) 2014 report, nominal GDP per capita is estimated to \$43,830 and in terms of Purchasing Power Parity (PPP), it is \$38,711. The UK made a very high score of 0.875 in the Human Development Index (HDI) in 2013.

London is the capital as well as the largest city in the UK. It is the most populous region (8.308 million in 2014) , urban zone and metropolitan area in the United Kingdom. English is the official language and widely spoken all around the UK. As per the list of declaration made by the Council of Europe, among the other recognized languages in the UK are Scots, Ulster-Scots, Welsh and Cornish etc. Regional languages include Irish, Scottish Gaelic etc. Scottish Gaelic is sometimes also called only 'Gaelic' which is a native language of the Scottish. According to 2011 Census, the UK nationals consist of 87.1 percent of Whites, 7.0 percent of Asian, 3.0 percent of Black, 2.0 percent of Mixed and 0.9 percent of others. In the 2011 Census for England and Wales, 59 percent of the usual resident population identified as Christian. Muslims made up the second largest religious group with 5 percent of the population and 25 percent of the population has no religion while 7 percent did not stated about their religion and the rest 4 percent consists of other religions.

5.4.1 UK Government

The government of the UK is constitutional monarchy based on a parliamentary system. It has a law of the British Empire which has been followed by many countries around the world. The present British Monarch is Queen Elizabeth-II since 6 February 1952. Elizabeth-II is the constitutional monarch of sixteen territories of the Commonwealth of Nations consisting of 53 member countries. As mentioned earlier, the United Kingdom consists of four countries: England, Scotland, Wales and Northern Ireland. Among these four countries, Scotland,

Wales and Northern Ireland have decentralized their administrations. Each of them varies powers based in their capital cities of Edinburgh, Cardiff and Belfast respectively.

The UK's capital city of London is an important global city. This global city has the second largest urban area in the European Union. The UK parliament meets in the Palace of Westminster. The parliament has two houses. One of those is an elected House of Commons and another is an appointed House of Lords. All passed bills in the parliament are given Royal Assent before they become law. Royal Assent is the name for the method by which any constitutional monarch family approves an act of his, her or their nation's parliament and thus making it a law. The prime minister is the UK's head of the government. The prime minister is usually the leader of the political party or the coalition of parties that holds the largest number of seats in that chamber. The prime minister chooses a cabinet and they are formally appointed by the Monarch to form Her Majesty's government. By convention, the Queen respects the prime minister's decisions of government. The UK is presently divided into 650 constituencies for elections to the House of Commons. The UK's three major political parties are the Conservative Party, Labor Party and the Liberal Democrats.

The United Kingdom has fourteen British Overseas Territories which are remnants of the British Empire. The fourteen British Overseas Territories are under the jurisdiction and sovereignty of the United Kingdom. They do not, however, form the part of the territories. Instead, they are those parts of the former British Empire that have not acquired independence or unlike the Commonwealth realms, have voted to remain British territories. While each has its own internal leadership and most of them being self-governing, they share the British Monarch (Queen Elizabeth-II) as the Head of the State. British influence

can still be observed in the language, culture and legal system of many of its former colonies.

5.4.2 UK Economy

The United Kingdom is a well developed country and has the world's 6th largest economy by total nominal GDP of \$2.828 trillion and 8th largest GDP by Purchasing Power Parity (PPP) of \$2.497 trillion according to the International Monetary Fund (IMF) 2014 estimate. The UK was the world's leading trading power and financial center during the 19th and early 20th centuries. The UK still remains a great power with considerable economic, cultural, military, scientific and political influence internationally. Agriculture is intensive, highly mechanized and efficient by European standards by which the country produces about 60 percent of food needs with less than 2 percent of the labor force. A latest estimate by Office for National Statistics (ONS) shows that for January to March 2014, employment continued to increase and unemployment continued to fall, as did the number of economically inactive people aged from 16 to 64. These changes continue the general direction of movement over the past two years. The unemployment rate in the UK has been estimated to 6.8 percent of the economically active population for January to March 2014, a decrease from 7.2 percent for October to December 2013 and also a decrease from 7.8 percent for the earlier year.

The UK has large coal, natural gas and oil resources but its oil and natural gas reserves are declining and the UK became a net importer of energy since 2005. Services, particularly banking, insurance and business services are the key drivers of the British GDP growth. The UK is a recognized nuclear weapons state and its military expenditure ranks 5th in the world according to the Global Fire Power (GFP)-2014. The UK has

been a permanent member of the United Nations Security Council since its first session in 1946. It has been the member of the European Union (EU) and its predecessor the European Economic Community (EEC) since 1973. It is also a member of the Commonwealth of the Nations, the Council of Europe, the G7, the G8, the G20, NATO, the Organization for Economic Co-operation and Development (OECD) and the World Trade Organization (WTO).

5.4.3 Accountability in Central Government of UK

Good governance in any country and the UK in particular require that those persons responsible for policy making, implementation and public expenditures can be held to account for their actions. Accountability is badly needed but its planning is a matter of controversy. The British parliament is found to express their frustration at the difficulties of defining the individuals to account for mistakes in government. Ministers in the UK have been lacking of ability to exercise sufficient control over the civil service machine. It is the common problem almost in any other countries where the civil service individuals do not inform the rules and regulations correctly to the individual clients. They misuse their power by hiding the rules and regulations so as to enable them to commit a corruption they like. According to a civil service reform in 2012, the government of UK has tried to increase the accountability of the civil service officials. This effort included the strengthening of the accountability of the civil service individuals and permanent secretaries in their role as the accounting officers. The traditional doctrine of accountability used to be the ministerial accountability. In the ministerial accountability, the civil servants used to be accountable to ministers and ministers used to be then accountable to the parliament. However, the recent accounting officers are always

the permanent secretary of the department. Accounting officers are responsible for how the public money is spent. Accounting officers are directly accountable to the public accounts committee of the parliament. The government of UK is recently in process of reforming the civil service agenda. The precise objective of the government is to strengthen the accountability of the civil service. A report on Civil Service Accountability to Parliament examines the state of the relationship between select committees and the government departments they scrutinize. The effectiveness of accountability relationship between committees and departments depends less on the formal power. The attitudes and behaviors of the parliament and government are relatively less effective. There is a significant weakness of the accountability. It is not very clear that what the permanent secretaries are personally responsible for their role descriptions and the method of performance evaluation. There is also a lack of clear consequence for both good and bad performance.

5.4.4 Judiciary in UK

The lord chief justice is supported by his judicial colleagues as well as by a small number of administrative staffs. A judicial executive board has been established by the lord judicial justice to get help on the judicial direction. The existing judges' council is the representative of all levels of the judiciary. The judges in the United Kingdom also have access to administrative support within the court environment including allocated clerks, court staffs or the legal advisers for the magistrates.

5.4.4.1 Judicial Accountability and Independence in UK

As to the judicial accountability and independence in the UK, the judiciary is accountable. It is accountable, however, in different manners. It may be noted that the fundamental features of the constitution in the UK is the heart of their democracy. The judges are impartial and independent of the central and local government in UK. The judges are also free from pressures from the media, companies and pressure groups during exercising their judicial functions. This kind of accountability of the judiciary systems and its independence are normally reflected in the constitution of all democratic countries. The judicial independence is a virtual element of the democracy in the UK. Accountability to senior judges through the system is considered. How the system enables the judgment for an appeal to a higher court is also considered. Accountability to the public through open access to justice and the publication of the vast majority of judicial decisions are clearly defined. Judges, judicial system and the related media are also considered in the UK judicial system. Executive and legislative branches of the state are also considered. In a democratic country, the individual judges and the judiciary are normally assumed to be impartial and independent of all external pressures. Judges and the judiciary also have to be independent of each other so that the public can have a great deal of confidence in them. As a result, their cases will be decided fairly and in accordance with the law. The judges are expected to be free of any improper pressure. The improper pressure normally comes from the executive and the legislature or the related pressure groups. Among the related pressure groups are the media, self-interest or other judges and the senior judges in particular. In the fair environment, each judge is able to decide cases solely on the evidence presented in court by the parties and in accordance with the law. Judges can recharge their constitutional responsibilities to provide fair and impartial justice. Governmental function has been increasing. Accordingly the jobs or duties of the judges in disputed

between the citizen and state have also increased. The responsibilities of the judiciary are to protect citizens against unlawful acts of the government has also been increased. Along with it, the need for the judiciary has been very important to be independent of the government. As to the independence and the appearance of independence, judges are seen to be both independent and impartial. Justice must not only be done, it must be seen to be done. As to the ways in which independence is protected and its limits, it is not right to say that judges are above the law. Judges are subject to the law in the same way as any other citizens. Judicial independence does, however, mean that judges must be free to exercise their judicial powers without interference from the litigants, the state, the media or powerful individuals or entities such as large companies because judges often have to decide many matters between the citizen and the state, and between the citizen and the powerful entities. It is very inappropriate if the judge is influenced by the state. Judicial independence is important whether the judge is dealing with a civil or criminal case. Judicial involved in any kind of case must be ensured that the judges cannot be influenced by the outside parties or by the judges' personal or own interest. In case of the judiciary, a logical safe guard is needed to ensure that judges are free to make their decisions. Judges can decide about judicial matters without fear or favor to preserve their independence. If the judge commits a criminal offense, he will be subject to an investigation by the office for judicial complaints. If he is found guilty, he may be subject to a disciplinary sanction in accordance with the relevant statutory provisions. Judges in the UK are subject to a different form of accountability. This is referred as 'explanatory accountability'. The judiciary is subject to this form of accountability. Taken all these together, these ensure a considerable degree of accountability.

5.4.4.2 Judicial Conduct in UK

As to the judicial conduct, a right to appeal exists for those dissatisfied with judicial decision. It is, however, also possible for individual litigants to complain about the personal conduct of a judge. If the court of appeal raises particular concern, the judges may be guided in the relevant way by the responsible senior judiciary. The lord chief justice in the UK has a right to give a formal advice to the judge. This kind of formal advice includes a formal warning or to suspend them from the office in certain circumstances. In this way, the minister of the government can get involved in the judicial discipline as well as to strengthen the principle of judicial independence. As to the other forms of accountability, the media often reports on the progress and outcome of court cases. It also reports on their views on a judges' performance in particular. The judiciary in each and every country is an institution on which the human life and living remain safe and secured. Through an interview and media briefing, the media reports on matters concern the judiciary as a whole. The Lord Chief justice reviews the administration of justice in the court. Individual courts also provide an annual report on their own performance throughout the year. The annual report includes a commentary from the local resident judge and the related others. Through a separation of powers between the above three branches including justice, executive and legislature, they try to ensure a check and balance of their smooth function. The UK does not have a written constitution. This is a famous or almost a unique justice system and constitution in the UK. Its constitution is found in the statutes passed in the parliament law in UK which is developed over the centuries and the related the decisions of the courts. Israel and New Zealand are the two other countries which are also not having a written constitutional instrument like the United Kingdom. These three countries therefore, differ in this way from almost all other countries in the world.

Constitutional instruments of the United States have one of the most well-known written constitutions. The United States has a higher status than ordinary legislation and constitutional provisions. Such provisions in the US can only be enacted in a repealed the ordinary legislation. The unique feature of the institution in the UK did not separate the functions and power between its three branches, such as the executive, the legislature and the judiciary. As to the right to appeal in UK, the individual judges can be made accountable. They are accountable through the right of the party to the proceedings to appeal any judicial decision. It means that the losing party is able to have the decision reviewed by another independent judge or judges. As to the action and interaction between judges and the parliament, individual judges may be invited to give evidence to the parliamentary committee. Judges who have been asked to attend parliament have done so voluntarily. Judges attend the parliament subject to the well-established and long standing rules and conventions. These rules and conventions prevent judges from commenting on certain matters. As to the judicial appointments, it has been made the responsibilities of an independent judicial appointment commission since April 2006. As opposed to the long tradition, all appointments of judges are made by open competition. The appointment commission recommends candidates to the Lord Chancellor who has a very limited power of veto. The judges are more likely to be appointed on merit. There are judges included in on the judicial appointments commission. However, they are not in the majority. They do not or cannot act in a representative capacity. The commission of the judges' appointment is chaired by the lay person.

5.4.4.3 Constitution and Justice System in UK

As to the justice system and the constitution, the UK has three separate legal systems. One each is for England, Wales another for Scotland and the others Northern Ireland. The justice system is one of the three branches of the state. The other two branches are the executive, or the government and the legislature. The legislature is of two houses of parliament. In most of the democracy, these three branches of the state are separate from each other.

5.4.5 Corruption in UK

The problem of corruption in the UK is a problem that exists in many other countries. This kind of corruption is commonly found to exist in the developing world also. As in any other country, people in the UK get victimized of corruption. However, victimized people may be less apparent in the UK. Because, the victimized people are those of marginalized groups in the society or because the corruption operates in intangible ways, in which the victims are not immediately very clear. Sometimes corruption is found to be detected against the law or the rules and regulations. This is, however, not always the case. Sometimes we can see all kinds of things that can be done legally but not very ethical on the humanitarian ground. The scandal of expenses of the members of parliament (MPs') get resulted in few prosecutions are legal but not very ethical. According to Transparency International, corruption is much greater problem in some areas of UK societies and institutions than can be recognized with clear evidence. Response to the growing threat in UK is either less than adequate or inadequate in particular. The growing threat of corruption in UK is often sometimes met with a complete effort. The key institutions are, however, refusing to confront the problem of corruption threat. Among the institutions in the UK are prisons, political parties, parliament and report where the response to increasing risks of

corruption is often not co-ordinate comprehensively. According to Transparency International's Corruption Perception Index (CPI) 2013, the United Kingdom has ranked 14th and scored 76 among 177 countries. Among the other European countries, the UK is estimated to be less corrupted after Denmark, Finland, Sweden, Norway, Switzerland, the Netherlands, Luxemburg, Germany and Iceland.

Table: Corruption Perceptions Index 2013

Rank	Country	Score	2012 Score
1	Denmark	91	90
1	New Zealand	91	90
3	Finland	89	90
3	Sweden	89	88
5	Norway	86	85
5	Singapore	86	87
7	Switzerland	85	86
8	Netherlands	83	84
9	Australia	81	85
9	Canada	81	84
11	Luxemburg	80	80
12	Germany	78	79
12	Iceland	78	82
14	United Kingdom	76	74
15	Barbados	75	76
15	Belgium	75	75
15	Hong Kong	75	77

Corrupt politicians, public officials and business people in many countries take the opportunity of stealing public funds. They prefer to keep those stolen funds in a relatively safe place. The UK is one of such safe places. This kind of money is normally stolen from different sectors, including health and education, infrastructure and law enforcement and many other areas in the public sector. Required services is therefore, getting degraded in these countries because, these countries are removing funds which would have been invested in their country of origin. According to the Transparency International, the stolen funds of the above kinds should be identified, frozen, seized and returned to the rightful owners under the proper safe guards.

5.4.6 Rule of Law in UK

The rule of law is widely considered as the principle of the governance of the UK. However, the way the rule of law principles in general is applied to the specific situation in the United Kingdom. The rule of law is emphasized through many separate ideas. Among them are the law and order in contrast to anarchy. The rule of law has been acting in three different ways and means as described by ‘Albert Dicey’. Firstly, the predominance of regular law as opposed to the influence of arbitrary power; secondly, equality before law; and lastly, the law of the constitution is not the source but the consequence of the rights of individuals.

Law and order are met to prevent all kinds of crime. It does not, however, matter by what means and ways have been achieved. It also does not matter what are the characteristics of the law. This kind of law and order or the concept of the rule of law can, therefore, be upheld by even the most dictatorship. Such a regime may allow for the normal operation of courts between the private parties and the government to the limited

extent within the dictatorial framework. It is debated in the UK whether the rule of law or the legal system in other words can truly exist without democracy. Sometimes, freedom of expression is not assumed to be a legal constraint. Under the freedom of expression and action seems to be such something or some provisions under which the prevention of crime allows citizens. It is therefore, limited by the autocratic means which have been considered incompatible with the rule of law. However, for the sake of existing the democracy or the democracy to thrive, the rule of law must be observed.

5.5 Governance in Norway

Norway, officially recognized as the Kingdom of Norway, is a Scandinavian unitary constitutional monarchy. The total geographical area of Norway is about 3,85,170 square kilometers or 1,48,747 square miles. Total population of Norway is 51,09,059 as of 2012 census. The population density per square mile is 34.35. Norway is one of the oldest Kingdoms, still existing in Europe and worldwide. The Kingdom has been existing continuously for over 1,100 years (c.872-2014). The list of Norwegian monarchs includes over sixty kings. Norway has a close tie with the European Union (EU) as well as the United States. It is a founding member of the UN, NATO, the Council of Europe, the Nordic Council and a member of the European Economic Area, the WTO and the OECD. It is also a part of the Schengen Area.

The country maintains a mixed economy of market economy and a Nordic welfare model. Its mixed economy contains universal health care and a comprehensive social security system. Among the extensive reserves in Norway are petroleum, natural gas, minerals, lumber, seafood, fresh water and hydropower.

5.5.1 Economy of Norway

The Norwegian economy is a prosperous and mixed economy. Its economy consists of a vibrant private sector as well as a large state sector. The overall economy of Norway includes an extensive social safety-net. Among the key areas are petroleum sector, which is controlled by the government through its extensive regulation and large scale state-owned enterprises. The economy of Norway is heavily endowed with its natural resources including petroleum, hydropower, fish, forests and minerals. It is about highly dependent on its petroleum sector. The petroleum sector in Norway accounts for the largest portion of its export revenue, which is about 20 percent of the government revenue. Norway is the world's 3rd largest natural gas exporter and 7th largest oil exporter. All these have made one of the Norwegian off-shore oil funds in 2011. As of the referendum of November 1994, Norway decided to state out of the European Union (EU). However, Norway contributes significantly to the EU budget as a member of the European Economic Area. Sometimes in the past, Norway anticipated a large part of its revenue in its oil and gas production. Because of this anticipation, Norway has saved some state revenue from the petroleum sector. These savings from petroleum sector were estimated to be the world's second largest sovereign wealth fund. The value of this sovereign wealth fund was estimated at \$700 billion in January 2013. Norway used this sovereign wealth fund to help finance its public sector expenses. After a solid GDP growth in 2004-2007, the economy slowed down in 2008 and followed by 2009. The economy, however, returned to its positive growth in 2010-2012. The budget of the government was then set to remain in surplus. During that period, GDP in Purchasing Power Parity (PPP) was \$ 281.7 billion in 2012, \$ 273.5 billion in 2011 and \$269.9 billion in 2010. The GDP per capita (PPP) was \$ 54,200

in 2011 and \$ 55,100 in 2012. Unemployment rate 3.2 percent in 2012 and 3.3 percent in 2011.). Budget revenues: \$ 285.7 billion expenditures: \$216.5 billion (2012).

The recent government of Norway has democratically been responsible for its prosperous and well managed economy to make its people generally happy. Happiness of the people in Norway is assumed to be indicated by both material and non-material welfare of its higher level in the society. Norway used to suffer from its worst financial crisis-induced recession. Norwegian government has intelligently supported the economic recovery. The government used to intelligently utilize the wealth from petroleum resources. The government actively used the monetary policy in a parallel fashion within the targeting framework of flexible inflation. The flexible target of inflation has worked very well in the well-managed economy of Norway.

As to the monetary policy and financial stability in Norway, the central bank was given a little more room in the use of its policy rates or short-term interest rate. The recent government in Norway continues to follow the cross-party consensus on different kinds of budget deficit and over its business cycle. The benefit of the petroleum revenue is quite significant. However, the overall taxation levels are also quite high. A reduction in Norway's relatively high tax might increase the incentives of entrepreneurs as well as the economic dynamism of the country. The overall tax burden equals 42.8 percent of GDP. The government spending is equivalent to 44.6 percent of total domestic output. The entrepreneurial framework is transparent and efficient in Norway.

However, Norway has still a room for increasing its public expenditure in some areas. As to the promotion of entrepreneurship, it is important to increase the productivity in economic growth and development. A tiring culture of

entrepreneurship is necessary to help sustain the growth in living standard as the petroleum production declines. In addition to education, skills and labour market, the incentives for people to develop necessary skills by fully participating in economic activities is overly important.

5.5.2 Economic Freedom in Norway

As of 2014, economic freedom of Norway scored 70.9. Below are the top ten countries in the Index of Economic Freedom-2014, where Norway ranked at 32.

Table: Index of Economic Freedom-2014

Country	Rank	Overall Score	Change
Hong Kong	1	90.1	0.8
Singapore	2	89.4	1.4
Australia	3	82	-0.6
Switzerland	4	81.6	0.6
New Zealand	5	81.2	-0.2
Canada	6	80.2	0.8
Chile	7	78.7	-0.3
Mauritius	8	76.5	-0.4
Ireland	9	76.2	0.5
Denmark	10	76.1	0
Norway	32	70.9	0.4

The overall score of Norway in terms of economic freedom is well above the world and the regional average in Europe. Norway's economy has been able to move into the mostly free category due to its impressive gains in economic development. The Norwegian government has focused on expensive welfare program as it can accumulate assets from its mineral resources. It is easy for Norway to cushion for the fiscal stimulus. Public debt in Norway remains under control as it can easily narrow down its budget deficit. Beyond all these, it is important to mention that the state ownership in the key industries continues to be substantial. The openness and transparency are the two very good bases, which provide the competitiveness to the Norwegian economy. In addition to it, policies on dynamic trade and investment are very supportive. The quality of the legal framework in Norway is among the world's highest. The legal framework in Norway provides an effective protection of Private Property Right (PPR).

5.5.4 Rule of Law in Norway

The rule of law is well maintained in Norway. The strong tradition of minimum tolerance to corruption continues. The judicial system is sound and efficient, which provides a secured protection of private property rights. It also provides a reliable enforcement of commercial contracts. Protection of intellectual property rights is consistent with world standard. All kinds of laws and rule of laws are evenly applied in Norway. Well established anti-corruption measures are cultural emphasis in Norway. Transparency in Norway is also a cultural emphasis, which is there as a key institutional asset.

5.5.4 Sustainable Development in Norway

The public or the government support to act on the emission of CO₂ in Norway is found excellent. The government campaign for public awareness on climate change and the reduction of carbon emission are nationally taken over under the system of Public Private Partnership (PPP). The national initiative is undertaken to minimize the climatic emission. The short details of the national initiatives in association with the NGO activities include the project to schools, program for small and medium sized enterprises and businesses. Beyond its activities of minimizing the emission of carbon, Norway is also committed to become a leading eco-tourism destination. This will further pursue its goal on sustainable living and protecting the nature for the comfort of the people living in Norway.

5.5.5 Openness and Information Integrity in Norway

Norway is one of the most open governments in the world in relation to its governance. Norway has achieved one of the highest degrees in information integrity. The aims and objectives of Norway are to make its government accountable, transparent and democratic as possible. Its achievement in information integrity and making information available and accessible to citizens are well recorded. All these describe what is required and what can be achieved. The common citizen in this country can easily monitor their performance by their government. They can also claim their rights effectively. Also, the citizen can play a significant role in influencing the affairs of the state. Norway is a master of leading age approach to its information integrity. Through these IT approach in Norway, it has achieved through a powerful combination of inter-connected loss and standard. Finally, Norway has well-defined metadata architectures and technology systems in relation to its openness and information integrity. The regulatory framework

in Norway includes its constitution, The National Archives Act, National Report Keeping Standard and Freedom of Information Act. All these together provide Norway, a quality basis for its unique and powerful approach to the high quality open information. Constitution of Norway reflects an ever deepening commitment to its openness and transparency. The right of the Norwegian citizen is associated with the opportunities of the transfer of information. Everyone in Norway has a right of access to the document of the state and municipal administration. The citizens also have the right to follow the proceedings of the court and the democratically elected individuals. The best quality National Archives and the Noark standard were ensured since 1980. The system of recording the incoming and outgoing documents makes it possible to trace actions by the government. It also makes it very difficult to alter the documents. Norway's Freedom of Information Act cuts across states county and municipal governments. The Freedom of Information Act enables users to search all records across the government for a given issue. This is how it makes requests easily and rapidly. However, 20 percent of the total records remain classified for the security reasons. The classified records are not listed in the register. The government of Norway has been considering a great possibility of providing a direct access to the full text documents through its electronic public records. This is how the government enables its different agencies to work relatively more efficiently. Norway has been able to establish a system of management by creating digital records. Digital records of such nature in Norway are accessible as a basis for transparency and openness. The contribution to the open government in Norway is potentially enormous.

5.5.6 Human Development Report on Norway

The Human Development Index (HDI) is a summary measure for assessing long-term progress in three basic dimensions of

human development. These are- (i) a long and healthy live (ii) access to knowledge and (iii) a decent standard of living. Norway's HDI value is 0.955 as of 2012. This figure for Norway is in the very high development category. The figure has positioned Norway as the country at one out of 187 countries and territories. Between 1980 and 2012, the Norway's HDI value increased from 0.804 to 0.955. This is an increase of 19 percent of HDI value. The average annual increase of HDI is about 0.5 percent. Here is a short list of the HDI values of Norway in terms of Human Development Index 2013 as reported by the UNDP. A total number of 187 countries were included in the HDI.

Table: Human Development Index – 2013

Country Name	Overall Rank	Categories	Score
		Overall Score	0.944
		Health (life expectancy at birth)	81.5
		Education (Mean years of schooling)	12.63
		Income/Command over resources (Gross national income (GNI) per capita (2011 PPP \$))	\$63,909.45
		Inequality(Inequality-adjusted HDI (IHDI))	0.891

Norway	1 among 187 countries		
		Gender (Gender Inequality Index)	0.068
		Poverty (Population in multidimensional poverty (%))	N.A
		Employment and Vulnerability (Employment to population ratio)	65.5
		Human Security (Homeless population (% of population))	N.A
		Trade and Financial Flows (International Trade (% of GDP))	68.18
		Mobility and Communication (Net migration rate (per 1000 population))	6
		Environment (Carbon dioxide emissions per capita (tonnes))	11.7
		Demography (Population total (millions))	5.04

5.5.8 Corruption in Norway

Norway's institutional framework is generally characterized by a high degree of accountability, integrity and transparency. The occurrence of corruption in Norway is very low in general. However, Norway had a Corruption Perceptions Index - 2012 score of 8.5 out of 10, which is 130 percent better than the average. In Norway, 38.6 percent of citizens surveyed in 2012 believe that the government is effective in the fight against corruption. Of the surveyed citizens, 1 percent reported having paid a bribe in the past 12 months.

The following activities are just some of the reasons why Norway has managed to successfully control corruption:

- All relevant international anti-corruption conventions have been sanctioned in Norway. Group of States against Corruption (GRECO) and the Organisation for Economic Co-operation and Development (OECD) Anti-Bribery Working Group have commended Norway for its high standards of implementation and enforcement of anti-corruption legislation.
- Norway's anti-corruption legislation is among the world's strictest, and the economic crime-fighting unit has through various cases proven itself as a professional, efficient and fully independent unit with capacity to investigate and prosecute corruption in Norway and abroad.
- Norway has been a fully compliant member of the Extractive Industries Transparency Initiative (EITI) since March 2011. According to the Corruption Perceptions Index (CPI) - 2013, Norway ranked at 5 and scored 86 which was 85 in the previous year, 2012.

Table: Corruption Perceptions Index– 2013

Rank	Country	Score-2013	Score-2012
1	Denmark	91	90
1	New Zealand	91	90
3	Finland	89	90
3	Sweden	89	88
5	Norway	86	85
5	Singapore	86	87
7	Switzerland	85	86
8	Netherlands	83	84
9	Australia	81	85
9	Canada	81	84
11	Luxembourg	80	80

5.5.9 Governance in Norway

The governance in Norway is characterized by a strong commitment for the achievement of the collective goals. The good governance in Norway is a slippery concept. The operationalization of governance in Norway includes a relatively more liberal use of negotiations in contract setting and purchasing rather than making the negotiation too rigid and too competitive bidding system. Among the other role plays of the good governance in Norway are the reduction of risk of corruption and mal-administration. The good governance in Norway is also committed to ensure democracy and human rights. The 'European Governance' has been associated with

the reckless process and behavior and the related others which affect the way in which powers are exercised at the European level. Powers those exercised include openness, participation, accountability, effectiveness and coherence.

5.6 Governance in France

As the most modern country in the world, France has become a global leader today among the European Nations. It has also been playing an influential global role as a permanent member of the United Nations Security Council, NATO, G-8, G-20, OECD, WTO and the other multilateral organizations. France is officially called the French Republic, a sovereign country in the Western Europe. France still has some overseas regions and territories. By area, France is the third largest country in the Europe with a population of about 67 million. France is the world's seventh largest economy in terms of GDP in Purchasing Power Parity (PPP). At the same time it is the second largest economy in the European continent. Per capita GDP in terms of PPP is \$36,453 (2014) in France. Human Development Index (HDI) in France is as high as 0.893 (2013). As a G-8 country, France is a leading industrial country in the world. Economy of France is said to be stable. The continuous power supply to industrial sector has been promoting the country's economic growth. France derives 75 percent of its electricity from nuclear power, the highest percentage in the world. In addition to Morocco and Spain, France has both Atlantic and Mediterranean coastlines. Paris is the capital of France. Paris is also the largest city of the nation of France and the main cultural and commercial center. France is both secular and democratic. France has been a major power in Europe. It has possessed the second largest colonial empire in the world. France has produced many influential artists, thinkers, scientists and therefore, has been a global center of culture.

France has been remaining a great power with significant cultural, economic, military and political influence in Europe and around the world. It has the world's 5th largest military budget, 3rd largest stockpile of nuclear weapons and 2nd largest diplomatic corps. France has become the world's 5th largest economy by nominal GDP. Citizens of France enjoy a high standard of living. France has been performing well in international rankings of education, healthcare, life expectancy, civil liberties and human development. As the founding member of the United Nations, it serves as one of the five permanent members of the UN Security Council. French politics displays some tendencies characterizing a two-party system in which power alternates between relatively stable coalitions, each being led by a major party.

France is a semi-presidential representative democratic country. President of France is the head of state, while Prime Minister is the head of government. France has a traditional multiparty political system. The three supreme power such as executive, legislative and judiciary are followed by the constitution. Executive power is exercised by the government. Legislative power is vested in the government, Senate and National Assembly. The judiciary is independent of the executive and the legislature. The government is responsible to parliament and the National Assembly. As may be found in any other country, the government of France has several ministries which help operate the government efficiently. An efficient government can ensure the demand of the republic or the people's expectation. If a government governs efficiently, it will have the voice of accountability, political stability, and absence of violence, government effectiveness, and regulatory quality, rule of law and control of corruption.

France has recently taken many initiatives to improve governance within the country and the outside world. In 2013, French government established an independent authority for

transparency in public life. To strengthen the democratic control of the impartiality of public decision-making, the authority is working for greater interest of the mass. However, conflicts of interest between public office and the private sector are a serious concern. Before 2013 or before establishing the authority for Transparency in Public Life, France did not have any law to oblige elected public officials to disclose potential conflicts of interest arising from business relationship or positions. In addition, declaration of assets and properties were not published and the commission in charge of its enforcement did not have sufficient means. To establish an efficient government, France has still been facing a bunch of challenges mainly in the corruption and governance.

5.6.1 Corruption in France

Investors do not consider corruption a problem for doing business in France. Companies operating in France generally have a good reputation of corporate social responsibilities (CSR). Recently, there are several corruption scandals involving high ranking public officials and public's works. The defense industry is considered the most affected sector by corruption. According to the Transparency International (2011), France does not do enough to stop corruption. More than 50 percent of the French people have the perception that the politics of the France is corrupt.

France must root out corruption at the local level. France has been remaining as the country where the world of international business and public procurement are getting destructed by the shady dealings and corruption. France needs to do more to fight corruption as argued in a report from the European Commission. They need to fight corruption especially in the areas of international business transactions and public procurement. The most common public corruption is among

the local authorities in France. The members of the executive council are closely known to the local business people. Sometimes, they are even related. They are found to see each other in the street almost every day. A significant number of administrative people at the local or regional level have been convicted of corruption. In management of corruption, France is too lenient. The people of France believe that France is a corrupt country. France has taken some anti-corruption steps when it comes to the handing out of public contracts. It is also found that the digital process of earning and spending revenue in France may increase the transparency and lower the corruption risk. The digital process also allows for improved quality control. The French laws are rarely found to result in criminal charge. The punishment for the criminal activities in procurement is not found to be severe. From 2000-2010, no one served any prison time for breaching France's procurement rules. The pursuance of prosecution against corruption in international business transaction is found not to be stringent. However, the number of negative sanction is also found to be too low relative to the size of the French economy and also to the exposure of French companies to the risk of trans-national bribery. According to the French business leaders, 73 percent of them believed that bribes, nepotism or favoritism hurt the fair competition among French companies. Five in ten French people or the 50 percent people consider corruption in French is wide spread among the issuing public contracts on a local and national level.

According to Transparency International, France ranks the 22nd (in 2013) among 177 countries in the world in terms of corruption index. Transparency International (TI) also shows that among few wealthiest and most economically influential countries, France scored 8.0 (in 2011) out of 10 and ranked of 11th among 28 advanced economy on Bribe-Payers Index. The Bribe-Payer Index measures the likelihood of firms to bribe

abroad. The Bribe-Payer Index Scores range from 0 to 10. The higher is the score for the country, the lower the likelihood of companies from this country to engage in bribery when doing business abroad. As the foreign bribery is an extreme offence, Organization for Economic Co-operation and Development's (OECD) anti-bribery convention evaluated France as a moderate enforcement country for measuring Bribe-Payer Index in terms of the following indicators:

- Active enforcement
- Moderate enforcement
- Little enforcement
- No enforcement

5.6.2 Global Competitive Index (2012-13) in France

The global competitive index provides a comprehensive picture of the competitiveness in landscape in countries around the world at all stage of development.

The index comprises of 12 pillars:

- Institution
- Infrastructure
- Macro-economic environment
- Health and primary education
- Higher education and training
- Goods market efficiency
- Labor market efficiency
- Financial market development

- Technological readiness
- Market size
- Business sophistication
- Innovation

In terms of global competitiveness, France ranked 21 among 142 countries in 2012-2013.

5.6.3 Human Development Index (HDI) in France

The Human Development Index (HDI) measures the average achievement in a country in three basic dimensions: a long and healthy life, access to knowledge and a decent standard of life and living. Statistics shows that France is in a very good position regarding human Development Index. France scored 0.884 (very high) on the scale between 0-to-1, in 2011.

5.6.4 Freedom of Press Index (FPI) in France

The index of Freedom of Press Index measures the violation of press freedom in the world. It reflects the degree of freedom that the journalist and news organizations enjoy in each country. According to Transparency International data, France ranked 38 among 179 countries in Freedom of Press Index in the year of 2011-2012.

5.6.5 Judicial Independence in France

According to a British national in France, the people of France passively accepting two different sets of laws, those for the citizens and those for the state. However, in France, the independence of the judiciary has periodically been questioned by the media, in connection with high profile criminal cases

with political features. According to Transparency International, France scored 4.9 out of 7, while the score ranges from 1 (heavily influenced) to 7 (entirely independence). The judicial independence is an indicator that measures the perceived extent to which the judiciary of the country is independent from influences of members of government, citizens, or firms.

5.6.6 Rule of Law in France

This dimension captures perceptions of the extent to which agents have confidence in and abide by the rules of society and in particular the quality of contract enforcement, property rights, the police and the courts, as well as the likelihood of crime and violence. In percentile rank, France stood 91%, which shows that rule of law are favorable to France governance.

5.6.7 Voice and Accountability in France

Voice and accountability measures the perceptions of the extent to which a country's citizens are able to participate in selecting their government, as well as freedom of expression, freedom of association and a free media. In terms of voice and accountability indicator, France scored 1.23 (- 2.5 to + 2.5) and in percentile France was ranked 89 percent in 2010. As to the conclusion on the good governance in France, upholding the basic freedoms includes the following: human rights, freedom of expression and thought, freedom to form union and assemble and the existence of rule of law. According to all these, the law is upheld and the public authority or the government in particular is also subject to it. Once again, all these constitute one of the fundamental responsibilities of the state. The actual implementation of all these principles is a

vital condition for ensuring safety, justice and dignity for all people. These principles are also necessary to foster sustainable human development based on equality for all under the law and social justice. Rule of law and basic freedoms in France are normally expressed in everyday life and living and related condition of the citizens. In other words, the people of France must be able to exercise their rights and fulfill their responsibilities. The people may also hold the public institution accountable. The people also form the foundation for the legitimacy of all institutions. The foundation formed by the people can grant the democratic governance, which is conducive to the political stability and development. It is important to strengthen the public institutions and the legal framework in any country as well as in France. These are the primordial of the government strategy adopted by France in 2006. As to the financial governance, to fight poverty and work towards more effective development aid have contributed to the emergence of the new financial support instrument.

French aid is officially determined for each partner country. These are done under a Framework Partnership Document (FPD). French aid is drawn up on the basis of national strategies. In order to ensure transparency, a stable macro-economic framework as well as the monitoring system enables a greater co-ordination among the donors. The financial support by France helps the mobilization of the partner countries' internal resources. The specific purpose of this financial governance in France is to provide a sustainable funding for poverty reduction policy. As to the human rights, the rule of law and development are strongly correlated with effective alleviation of poverty. The respect for the right to life, human dignity, equality under the law, the integrity of the human body and economic, social and cultural rights form a prime pillar in all of the programs in French cooperation. The Ministry of Foreign and European Affairs in France has its

institutional program to defend and promote the children's right. This ministry is continuously working to develop a strategy on women's right and the gender issue in development policy. As to the decentralization and local governance, the government of France has been considering the variety of issues connected with public action, democracy, the public services offering and the economic progress. Democracy in France is placed as the rule of law. The development in France is played out on an everyday basis. Decentralization has been a significant opportunity in France to implement the institutional program by taking its services closer to the citizen. The government of France has given a prime importance to the local level, special program of which was adopted in 2006. France supported the decentralization process. It also supported the local governance as well as capacity building for local players in its entire program in France.

5.7 Governance in Denmark

Denmark is a small and densely populated country. It is made up of a large Island skirted by lovely beaches. The Nordic region consists of Denmark, Norway, Sweden, Finland and Iceland as well as the Faroe Islands, Greenland and Aland. Total area of Denmark is 43,561 square kilometer. Total population of Denmark is 56,02,628 as of January 1, 2013. Population density is 130.6 per square kilometer as of January 1, 2013 in Denmark. The total population of Denmark is of the small category of 5.6 million as found in Scandinavian countries of Europe, and Srilanka and Singapore in Asia. Gross Domestic Product (GDP) in PPP has recently been estimated at \$120.1 billion. The annual growth of which is -0.6%, and -0.9 percent as the 5 years compound annual growth rate. Per-capita gross domestic product is as high as or higher than many among the 1st world countries which is estimated at \$58,930

per capita. Unemployment rate in Denmark is equivalent to its natural rate of 7.6%. The inflation rate (CPI) is estimated at a very small rate of 2.4%. The Foreign Direct Investment (FDI) inflow is estimated to be equivalent to \$ 2.9 billion. Form of the government in Denmark is the constitutional monarchy. Its parliament consists of 179 seats. Because of the openness of the global trade and investment, Denmark has been able to become the most competitive and flexible economy globally. New Zealand, Denmark, Finland and Sweden have been consistently ranked at the top of the Corruption Perceptions Index (CPI). These countries have been perceived to be the least corrupt of all the countries surveyed by the Transparency International (TI). In addition to the law enforcement, fighting corruption involving public participation and transparency mechanism were consistently performed.

The integrity system is found to function relatively well in countries including Finland, Denmark and Sweden. Recent studies show that the freedom of the press is positively correlated with the control of corruption in an environment of well-established democracies. It is noteworthy that, Finland, Denmark, Sweden and New Zealand all have high GDP per capita, low inequality rate, literacy rate about 100 percent and prioritizing including human rights issue, gender equality and freedom of information are found in practice as the essence of importance. All of these countries as listed above performed very well in terms of the openness and effectiveness of the government.

The openness of the budget information closes the door to waste and mis-appropriation of public funds. The Open Budget Index shows that Sweden allows citizens to assess how their government is managing public funds. Denmark obliges their ministers to monthly publish information on their spending travels and gift. Their judicial systems are independent and efficient. Many countries can follow the

transparency and accountability route of the Scandinavian countries to good governance. Finland and Singapore have also been an ideal for this case.

5.7.1 Economic Freedom in Denmark

The Index of Economic Freedom represents Denmark as one among the highest in 2014, the score of which is 76.1 or the 10th freest country in the 2014 index. Overall score of its index of economic freedom is the same as found in the previous year with improvement in investment and trade freedom. The investment and trade freedom was counterbalanced by decline in the management of public spending and fiscal freedom. After Switzerland and Ireland, Denmark is ranked 3rd out of 43 countries in the European region in the Index of Economic Freedom 2014.

Table: Index of Economic Freedom-2014

Country	Rank	Overall Score	Change
Hong Kong	1	90.1	0.8
Singapore	2	89.4	1.4
Australia	3	82	-0.6
Switzerland	4	81.6	0.6
New Zealand	5	81.2	-0.2
Canada	6	80.2	0.8
Chile	7	78.7	-0.3
Mauritius	8	76.5	-0.4

Ireland	9	76.2	0.5
Denmark	10	76.1	0

Denmark's Economic Freedom score has advanced by nearly nine points over the 20 years history of the index. Denmark belongs to the top ten improvement among the developed countries in terms of its economic freedom. Denmark's economic freedom and its score have remained the same or increased in all but two areas, labor freedom and monetary freedom. Because of the rise in economic freedom for the twenty years, Denmark reached the mostly free status and achieved its highest score of 79.6 in 2009.

5.7.2 Government and Politics in Denmark

The political system in Denmark is of the multiparty system. Several parties represent the parliament. The Danish government is called the minority administration. Danish politics is thus based on consensus politics. Since 1909, no single party has had the majority in parliament.

5.7.3 Electoral System in Denmark

Denmark's democracy is the division of legislative, executive and judicial power. The democracy in Denmark ensures that one branch of power may not be given the country alone. The above three powers are independent of one another. At the same time, they control one another to prevent the abuse of power. The Danish parliament exercises the legislative power. It is the only branch of power authorized to adapt legislation. Denmark is a representative democracy. It means that Danish citizens elect representatives to seat in the parliament. Danish

parliament makes daily political decisions on the organization of the society. A member of the Danish parliament may not be put on trial in criminal proceedings or imprisoned. Such proceeding cannot be undertaken without the parliament's consent. Only the MPs caught on the spot in criminal Act. This provision aims to ensure the independence of Danish parliament in terms of its criminal prosecution by the government. The Danish system of government is known as negative parliamentary, which means that the government may never have a majority against it in the parliament, but it is not required to have the support of an actual majority. If the parliament no longer has confidence in a Minister, the Minister must resign. If the parliament loses confidence in the Prime Minister, the whole government must resign, or the Prime Minister must call a general election. The parliament expresses its lack of confidence in a Minister or the Prime Minister by passing a vote of no confidence. As to the work in the chambers of the Danish parliament, the process is all over the same or similar to any other parliament that is found globally. For example, many different kinds of debates take place in the chambers including debates on bills and proposals for parliamentary resolutions. The parliament may only take decisions by a vote when more than half of the MPs are present and take part in the vote. Most decisions are based on simple majority. In addition, there is a lot of work of importance taking place in the parliament. In addition to the work on bills, for example, a range of other activities take place in the parliamentary chamber, primarily aimed at carrying out parliamentary control of the government.

The committees formed under the provision of parliament are the workshops of the Danish Parliament. The individual MPs cannot possibly study all bills or proposals for the parliamentary resolution in detail. Therefore, the fundamental work on many bills and proposals for parliamentary resolution

is organized in 26 standing committees. Standing Committee means that they are permanent committees. The committees are all engaged in work on bills and proposals for parliamentary resolution and in monitoring the government and its administration of law. Among the other terms of reference includes-committee reports, the outcome of the committee's work, the committee's parliamentary control of the government and finally, it requires an approval of the Finance Committee and the European Affairs Committee.

5.7.4 Judicial System in Denmark

According to the Danish constitution, the judicial system can function independent of the national government and parliament. Administrative powers are given to the so called Danish Court Administration Committee. The Judicial system of Denmark includes the following types of courts:

1. The Supreme Court
2. The High Court
3. The County Court
4. The Court of Impeachment of the Realm and
5. The Special Court of Indictment and Revision.

The Supreme Court in Copenhagen is the head of the courts in Denmark's judicial system.

5.7.5 Rule of Law in Denmark

The rule of law index is published by the World Justice Project (WJP). The world justice project is an independent organization advocating the advancement of the rule of law around the world. Denmark are among in the top ten in all 9

categories. Denmark scored 0.88 and ranked number 1 in the Rule of Law Index-2014 overall closely followed by Norway and Sweden. Denmark attains the first position overall, as a result of its continuous strong performance across all dimensions. Denmark finished first in the two themes: (i) constraint on government power and (ii) absence of corruption. Denmark ranks the 2nd in the Fundamental Rights and the Regulatory Enforcement. Denmark tops in the EU economic inequality list. The details of which are as the following: Norway finished with a score of 0.88 as well, while Sweden was slightly lower at 0.85. Other scores of note were the United Kingdom at 0.78, the United States at 0.71, Russia at 0.45, China at 0.45, Brazil at 0.54, India at 0.48 and Australia at 0.80.

5.7.6 Education System in Denmark

In Denmark, education is compulsory for all children from ages 6 to 16. Parents in Denmark are obligated to ensure education for their children. The municipal authority in Denmark is obliged to offer schooling for everybody living in the municipality. Parents can choose to educate their children at home. But parents can do it under the supervision and with the permission of local school authorities. Parents can also send their children to private or free schools. However, all kinds of schools have to be approved by the government or their ministry of education in particular. Private schooling system in Denmark is not too many. About 86 percent are public schools and 14 percent are private schools.

5.7.7 Human Rights in Denmark

As to the torture and other ill treatment under human rights in Denmark, the Danish criminal law did omit torture as a specific

crime in its own right. Such an omission was provisioned under the Danish criminal court. The provision under human rights in Denmark tends to benefit the refugees and asylum seekers in various ways. As to resolve the problem of violence against women and girls, the government of Denmark commissioned an expert committee to examine the existing rape legislation and made necessary recommendations.

5.7.8 Financial Transparency in Denmark

According to the recommendation made in 2011, the Danish minister of taxation increased the level of transparency about company's tax payment. The transparency in tax payment will benefit to the society. In addition to that all other companies will comply and follow the Danish Tax Law. All companies except the sole proprietorship are included in the Open Tax List. These companies contain information about taxable income and the amount of tax paid. The Open Tax List has increased the level of transparency in relation to corporate taxation in Denmark. The publication of the open tax list has helped both the people and the government in Denmark. The publication of Open Tax List has helped the government of Denmark to put the issue on the public agenda. The readily available tax information is very helpful to draw attention of the general people.

5.7.9 Corruption in Denmark

Denmark is the world's least corrupt country. According to the Transparency International, there is hardly any corruption in Denmark. New Zealand and Denmark top the list of the least corrupt countries in the world as per the Corruption Perceptions Index 2013 published by the Transparency International. Finland and Sweden shared the third place.

Norway is the fifth, while Iceland shares the twelfth place with Germany. All the Nordic countries are thus among the world's least corrupt countries. On the other hand, Somalia, Afghanistan and North Korea are all at the bottom of the list as far as the corruption perceptions are concerned. In spite of being the least corrupt country, there is still room for Denmark to be more improved. The people of Denmark would like to see relatively more transparency in Denmark. More transparency in Denmark would include access to information about public administration as well as the better rules for private financial contributions to the political parties. Greece is the most corrupt country in Europe. However, the Greek corruption is surprisingly lower than countries including Saudi Arabia, Rwanda and Cuba.

12	Iceland	78	82
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Table: Corruption Perceptions Index – 2013

Rank	Country	Score-2013	Score-2012
1	Denmark	91	90
1	New Zealand	91	90
3	Finland	89	90
3	Sweden	89	88
5	Norway	86	85
5	Singapore	86	87
7	Switzerland	85	86
8	Netherlands	83	84
9	Australia	81	85
9	Canada	81	84
11	Luxembourg	80	80
12	Germany	78	79

5.7.10 Danish National Integrity System (NIS)

Corruption is not considered a major problem in Denmark. Anti-corruption is not a major topic on the political agenda. This is simply a kind of potential weakness which is not in practice. According to the study of the Danish National Integrity System (NIS), the Danish National Integrity system is healthy. This is due to the strong culture of public administration. Any country including those of the developed ones may have several weak points. Some of the weak points found in Denmark are the following: access to documents, official afraid to use their right to inform, lack of clarity regarding entertainment gifts. Lack of transparency is the financial interests of MPs and financing of political parties. Corruption not being a major problem in Denmark, bribes and speed payments are almost non-existent. The Danish National Integrity System and its pillars are very strong in Denmark. Other pillars are however not assessed to be truly weak. The people working for the government are basically open and transparent. They are accountable to the people of the country. Police, prosecutors and courts are very effective in institutions in Denmark. These institutions are in practice independent of the legislature and the executive. The media plays a very central role. Many cases of suspected fraudsters are reported in the media. Suspected frauds are subsequently taken up by the National Audit Office. The media in Denmark is considered to be effective. However in 2010, the media was also considered as the most corrupt institution in Denmark. The media used to get suppressed only by the respective political parties and the private sector. All public institutions as well as the private companies have a very high degree of transparency in their work. There is easy access to information about the institutions. Transparency is also inadequate as concerns access to information in the government sector. Habits among public service in Denmark make them reluctant to disclose what they

perceived as sensitive cases. They are reluctant to do so perhaps for the fear of doing something wrong. The evaluation has, however, found a number of weaknesses in the Danish integrity system. The evaluation is worth addressing to maintain and enhance the viability of the system.

Recommendations by the Transparency International (TI)

In the light of findings of the evaluation, Transparency International (TI) Denmark will work to bring about the following recommendations:

1. Compulsory registration of MPs supplementary positions and economic interests
2. Increases transparency of private party funding
3. Protection and advising whistleblowers
4. Revision of both law and practice regarding access to information in the public sector.
5. Clarification and transparency on acceptance of gifts
6. Increased involvement of civil society organizations

5.8 Governance in Italy

Italian Republic is a unitary parliamentary republic in Southern Europe. Among the world's most developed countries, Italy has the 4th-largest economy in the European Union, which is bordered with France, Switzerland, Austria and Slovenia to the north. To the south, it consists of the entirety of the Italian Peninsula and the two biggest Mediterranean islands of Sicily and Sardinia. Italy covers an area of 301,338 km² (116,347 sq. mi) and has a largely temperate climate. With 60 million inhabitants, it is the 5th most populous country in Europe. Rome is the largest and capital city of Italy which belongs to centuries; long political and religious history. Rome is also the

cultural centre of Western civilization. It has been serving as the capita of both the Roman Empire and Christianity. After many unsuccessful attempts, the second and the third wars of Italian independence resulted in the unification of most of the present-day Italy between 1859 and 1866. From the late 19th century to the early 20th century, the new Kingdom of Italy rapidly industrialized. During this period Italy, has acquired a colonial empire and become a great power. The subsequent participation in World War II as the ally of Nazi Germany and Japan forming the great Axis Alliance, ended in military defeat, economic destruction and civil war. In the subsequent years, Italy abolished the monarchy, reinstated democracy, and enjoyed a prolonged economic boom. Italy has thus become one of the most developed nations in the world. Subsequently, Italy has been found in the position of the fifth largest economy by nominal GDP by the early 1990s. Italy became a founding member of NATO in 1949 and one of the Inner Six of the European Community in 1957, which became the EU in 1993. Italy is part of the Schengen Area which consists of 27 member countries. Italy has thus been a member of the Euro-zone since 1999.

Italy is considered to be both a major regional power and a leading middle power, with membership in prominent institutions such as the UN, EU, NATO, OECD, OSCE, DAC, WTO, G4, G6, G7, G8, G10, G20, Union for the Mediterranean, Latin Union, Council of Europe, Central European Initiative and the Uniting for Consensus. Italy currently maintains the world's tenth-largest nominal defense budget and is a participant in the NATO nuclear sharing policy.

5.8.1 Economic Overview of Italy

Italy has a diversified industrial economy. The economy which is divided into a developed industrial north, dominated by

private companies and a less-developed, highly subsidized, agricultural south, where unemployment is high. The statement qualifies the logic once again the private sector of any economy including that of Italy is relatively more productive. The Italian economy consists of the large part by the manufacture of high-quality consumer goods produced by small and medium-sized enterprises. Many of these firms are of family-owned. Italy also has a sizable hidden economy, which by some estimates accounts for as much as 17 percent of GDP.

5.8.2 Government in Italy

Italy has a parliamentary government based on a proportional voting system. The parliament is perfectly bicameral: the two houses of which are the Chamber of Deputies and the Senate of the Republic. Both of these couple of houses has the same or similar powers in reality. The Prime Minister, officially known as the President of the Council of Ministers, is Italy's head of government. The Prime Minister and the cabinet are appointed by the President of the Republic. However, they must pass in the test of the vote of confidence in Parliament to become in office. As found in the most other countries, the parliamentary system of the government of Italy is the same or similar. The Italian parliament has tried to decrease the authority of the prime minister to the extent it differs from other countries. Italian parliament does not authorize the Prime Minister to dismiss any minister or to request to dissolve the parliament. These are the power which absolutely lies in the hands of the president of Italy. To accomplish some selective responsibilities, the prime minister must receive a vote of approval from the council of ministers. To execute most of the political activities, it is not the Prime Minister alone, but the council of ministries in Italy holds the effective executive power.

5.8.3 Law and Criminal Justice in Italy

The Roman law modified by the Napoleonic code serves as the basis of the Italian judicial system. For the sake of dealing with both criminal and civil appeal cases, the Supreme Court of Cassation is the highest court in Italy. According to the law the constitution of Italy was modified or innovated during the post World War-II.

In the middle of 19th century, immediately after the Second World War, the infiltration of social crime happened to be found in an organized manner. The infiltration of crime is of many kinds. But the Sicilian Mafia happened to be seen as the most notorious of the infiltration. The Sicilian Mafia is not limited to Italy only. It is expanded to be found in some other foreign countries including even the United States. The receipt of Mafia was found to be as significant as 9 percent of the aggregate Gross Domestic Product (GDP) in Italy. As mentioned before Italy used to be the alley of the group of Japan and Germany in Second World War a smooth surface of the sea does not make a good mariner. It is rather the rough surface of the sea to serve as the effective source to make a good mariner. That is exactly happened to the group of alley including Japan, Germany and Italy. The Gross Domestic Product in Italy was increased by a substantial amount due to the contribution made by this group of Mafia.

5.8.4 Elections in Italy

Italy elects, at the national level, a Parliament consisting of two houses: the Chamber of Deputies with 630 members; and the Senate of the Republic with 315 elected members, plus a few senators for life. The President of the Republic is elected for a seven-year term by the two houses of Parliament in a joint session. Italy has historically had many political parties,

although they have usually grouped themselves into two main coalitions politically of left winger and right winger. Along with the national parties and coalitions, there are a number of regional parties (especially from the Aosta Valley and Trentino-Alto Adige/Sudtirolo), many far-left associations, and the Italian Radicals, whose allegiance is liable to change frequently.

5.8.5 Judicial Accountability in Italy

According to the World Bank's database (2012) governance in Italy is not relatively very good as it was not a good performer. A figure of WGI 2012 shows that Italy can clearly be separated from the better performing countries. However, the difference between Poland, Italy and Mexico are much less clear. The quality of legislation is always important as it influences the government's effectiveness. The quantity of law in Italy used to be though too large and a part of it redundant. The reduction of redundant laws and regulations including some modifications has substantially rationalized the Italian legislative system. It was also expected that it would provide a relatively greater legal certainty and saying on public and private expenditure.

The independence and accountability of the judiciary in Italy can be summarized in the following. The modern democratic state has in some countries gradually been increasing the political relevance of the judiciary. The spread of legislation has generated to protect many more things than we can think. The independence and accountability of the judiciary will help the citizens protect their rights. The basic rights of the citizens are health, social security, education, labor relations, family relations, commercial relations, recreational activities and the freedom of media etc. The work load of courts has increased considerably to support the above mentioned demand of the

citizens. The work of judges has, however, become more complex. At the same time, they have to be accountable broadly to the people of the country. The protection of the judicial independence by not being accountable or disregarding those that favor the accountability of the judge. The judicial independence in Italy has been of interest to many for the following reasons:

- (a) The judicial independence in Italy has acquired the highest recognition. The recognition is in terms of the amplitude of the law and the way in which these law provisions are interpreted.
- (b) The Italian cases show that when the judicial independence is pursued as an end in itself of the cost of accountability, a series of negative consequence arise. The protection of judicial independence can be self-defeating. This kind of self defeating is detrimental to the judicial independence.
- (c) Italy is the only democratic country where the public prosecutors and the judges enjoy the same or the similar guarantees of independence.

Judicial independence in Italy includes the following: recruitment, career, extra-judicial activities, discipline and salaries of the judges. Ordinary justice deals with all the criminal cases. The career magistrates enjoy a guarantee of independence which is similar to those of the magistrates of the court of the ordinary justice. Both in Italy and France, the 'magistrate' is used to include both judges and the public prosecutors.

5.8.6 Corruption as a Challenge in Italy

Table: Corruption Perception Index-2013

Rank	Country	Score
1	Denmark	91
1	New Zealand	91
3	Sweden	89
5	Norway	86
7	Switzerland	85
8	Netherlands	83
14	United Kingdom	76
15	Belgium	75
22	France	71
26	Austria	69
63	Cuba	46
63	Ghana	46
66	Jordan	45
67	Montenegro	44
69	Italy	43

As listed above, according to CPI-2013, among most of the European countries and the few others, Italy has been found as the most corrupt country. Checks and balances in the Italian government are compromised to the extent it cannot get rid of corruption. The legislative branch in Italy has little independence from the executive branch. It means that a disparity in power between executive and legislative branch exists. Such a disparity in power enables the executive branch

of the government without any appropriate amount of accountability. As is true in many other countries, public sector in Italy is relatively more corrupt. Integrity mechanisms are relatively poor in the Italian public sector. The negative sanction for the corrupt activities is relatively weak. Sometimes sanction does not even exist. Weak sanctions are too weak to deter corruption. As to the relation between government and politics, national corruption undermines the image of the government officials.

Political finance in Italy is highly unregulated. Political finance is treated as the bridal corruption in Italy. You can finance the political party of any amount you would like. That way you can convince the political party in power to illegitimately favour you after the election. There is a limit to spend money for the election. However, there is no such financial limit to donate to the political parties. One of the loose regulations for the donor's contribution to the political parties is above € 50,000. However, these are not adequately enforced. Many are not happy with the Italian legal system because of the weak implementation of its law and order. Any kind of expenditure and its magnitude by the political party does not have to be reported to anybody. It means that the gap between the law and practice in reality is less than satisfactory. As of 2010 report by Transparency International (TI), Italians perceive the political parties to be the most corrupt institution in the country. As to the recovery of assets, it is found to be too negligible to accept. For example, the corruption costs Italy €60 billion every year on an average. But a very negligible amount of it or on €293 million in the form of penalty was recovered in 2010. As to the anti-corruption institutions, Italy does not have any independent and promising anti-corruption authority. Moreover, the anti-corruption legal framework in Italy has not been found in place. According to a report in 2012, institutions in Italy were aided by very few resources. The anti-corruption

institutions are not very transparent. The authority fighting corruption does not have enough independence. Due to all these reasons, curbing corruption in Italy and holding individuals responsible for it have been decreased. As a challenge to the corruption, there is a little reporting on the illegal activities. The reporting on illegal activities is very limited. Because of all these, the whistleblower legislation in Italy is less than dedicated. A whistleblower is a person who inform on another or makes public disclosure of corruption or wrongdoing. In the public sector of Italy, it is important for them to strengthen the reporting channels for whistleblower legislation. Among the positive development in Italy are a few reforms, including legislation and public auditing. To accompany the positive development, there are also some recommendations from the Transparency international (TI) for the implementation by the government of Italy. Recommendations from Transparency International (TI) are as below.

- An independent, stable and effective anti-corruption authority need to be established, with the confiscation of illegally accumulated assets listed as a priority. This institution should also be adequately equipped with human and financial resources.
- Effective codes of conduct for members of parliament and the executive are needed to improve integrity.
- Whistleblower legislation is needed to ensure confidential reporting mechanisms and adequate protection from reprisals.
- The statutes of limitation for corruption offences need to be revised so that investigations can be pursued in a reasonable amount of time.

Analyzing corruption in a cross-country comparative manner is difficult. As to the extent of corruption, Italy performs poorly compared with most OECD countries. In corruption, Italy ranks poorly according to the world justice project and transparency international.

The corruption in Italian public administration is widely diffused and favored by the Italian administrative systems. Staff recruitment and their promotion suffers from inefficiency in Italy. The administrative weakness is deeply rooted in different areas of public administration, civil society as well as the private sector. The payment of bribes appears to be a common practice to obtain license and permits, public contracts and financial deals. Bribes are also applicable even to facilitate the passing the university exam and practice medicine etc. The Italian parliament has an anti-mafia commission to focus on organized crimes. A study by Transparency International shows that Italian perceives political parties to be the most corrupt institution in the country (TI-2010). In a number of channels in Italy, corruption has been negatively impacting its economic growth. Corruption is in reality increasing the cost of firms and investment. Corruption has also been a barrier to entry of new firms. Corruption induces distortions in the allocation of public resource. Corruption distorts the incentive of market operators and reduces the efficiency of the resources of the public sector. Finally, the corruption in Italy has reduced public consensus and trust. As far as economic development is concerned, higher levels of corruption are associated with lower economic growth.

As found in many other developing countries, Italy is not free of corruption. As to the context of corruption, corruption found in Italy is related to low-social capital, excessive bureaucratic burdens and the low quality of bureaucracy. Low quality of bureaucracy in Italy is both the cause and effect of corruption. Corruption is also related to the ineffective enforcement of the

law and order and the weak judiciary. The limited independence of the media services also serves as the cause of corruption. The anti-corruption law used to be thought too weak to resolve many problems in Italy until 2012. Legal punishment also used to be too weak to have an effect. Since 2012, the anti-corruption law strengthens the process of sanction. Trading in influence becomes a criminal offense, sanction to which was increased with an objective to minimize the corruption. Increased sanction started applying to the top managers of the private companies that violate their duties in exchange of money for their benefits. As the development plan of social safety net in Italy they try to improve the female participation by improving the working environment in the labor market. More of the resource allocation was taken place with a view to providing the greater employment opportunities for women. The Italian government needs to improve the method of policy implementation along with the line of changing and strengthening law and order and judiciary in particular. They need to emphasize to pursue the performance-oriented management. The further emphasis of the Italian government will include accountability and transparency. A freedom of information Act and the media services will help the Italian government improve its accountability and transparency. The operation of the centralized public procurement can be expanded to cover as much procurement activities as possible. The public procurement body will maintain a database of comparative purchase price publicly available. Court processes in Italy are very lengthily. The Italian government requires to stream-line the court process. The court-process will include a precise length of court judgment. Information technology and its use must be made very effective. Private sector or the semi-government sector has to be made stream-lined. As to the law on limitations in criminal corruption cases, the length of time should be decreased to very minimum. The full trial and the appeal

process must be completed in a limited period. Legislative, executive and administrative system has to be stream-lined both in terms of effectiveness, transparency and accuracy.

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Chapter Six

Governance in Latin America

6.1 Governance in Brazil

Brazil, officially, the Federal Republic of Brazil is the largest country in both South America and the Latin American region. It is the world's 5th largest country both by geographical area and population. It is the largest Lusophone country in the world and only one in America. A Lusophone is someone who speaks the Portuguese language either as a native speaker as an additional language or as a learner. As an adjective, Lusophone means “Portuguese-speaking.” Bounded by the Atlantic Ocean on the east, Brazil has a coastline of 7,491 km (4,655 miles). It is bordered on the north by Venezuela, Guyana, Suriname and the French overseas region of French Guiana; on the northwest by Colombia; on the west by Bolivia and Peru; on the southwest by Argentina and Paraguay and on the south by Uruguay. It borders all other South American countries except Ecuador and Chile and occupies 47 percent of the continent of South America. Brazil's current constitution formulated in 1988 which defines it as a federal republic. The Federation is composed of the union of the Federal District, the 26 states and the 5,564 municipalities. The Brazilian economy is the world's 7th largest by nominal GDP and also the 7th largest by GDP measured in Purchasing Power Parity (PPP), as of 2012. As a member of the BRIC group, Brazil has one of the world's fastest growing major economies, with its economic reforms giving the country a new international recognition and influence. Brazil's National Development Bank plays an important role for the country's economic growth. Brazil is a founding member of the United Nations. Brazil is a regional

power in Latin America and an influential middle power in the international affairs with some analysts identifying it as an emerging global power. Brazil has been the world's largest producer of coffee for the last 150 years.

The Federation of Brazil is set on five fundamental principles: sovereignty, citizenship, dignity of human beings, the social values of labour and freedom of enterprise and political pluralism. The classic tripartite branches of the government (executive, legislative and judicial under a checks and balances system), is formally established by the constitution. The executive and legislative are organized independently in all three spheres of government, while the judiciary is organized only at the federal and state or Federal District spheres. All the members of the executive and legislative branches are directly elected. Judges and other judicial officials are appointed after passing the competitive entry exam. For most of its democratic history, Brazil has had a multi-party system and proportional representation. Voting is compulsory for the literate between 18 and 70 years old and optional for illiterates and those between 16 and 18 or beyond 70. Almost all the governmental and administrative functions are exercised by the authorities and agencies affiliated to the executive. The form of the government is that of a democratic republic with a presidential system. The president is both the head of state as well as the head of government of the Union. The President is elected for a four-year term with the possibility of re-election for a second successive term.

Brazilian law is based on Roman-Germanic tradition. Civil law concepts prevail over common law practice in Brazil. Supreme Federal Court of Brazil serves primarily as the Constitutional Court of the country. The legal system is based on the Federal Constitution, which was promulgated on 5 October 1988, and is the fundamental law of Brazil. This legal system has been criticized over the last few decades for the slow pace of

decision making. Lawsuits on appeal may take several years to resolve. In some cases, the lawsuits on appeal take more than a decade before definitive rulings. Brazil continues to have high crime rates in a number of statistics despite recent improvements. More than 500,000 people have been killed by firearms in Brazil between 1979 and 2003 or 20,833 people per year during 1979-2003 according to a report by the United Nations. The politics of Brazil takes place in a framework of a federal presidential representative democratic republic, whereby the President is both the head of state and the head of the government under a multi-party system. The political and administrative organization of Brazil comprises the federal government, the states, the federal district and the municipalities. Executive power is exercised by the President advised by a cabinet. Legislative power is vested upon the National Congress, a two-chamber legislature comprising the Federal Senate and the Chamber of Deputies. The states are autonomous and sub-national entities with their own constitutions and governments that together with the other federal units form the Federative Republic of Brazil. Currently, Brazil is divided politically and administratively into 27 federal units, being 26 plus one federal district. The executive power is exercised by a governor elected for a four-year term. State has a unicameral legislature with deputies who vote for state laws. The legislative assemblies supervise the activities of the Executive power of the states and municipalities. As mentioned above, Brazil is the largest national economy in Latin America, the world's 7th largest economy at market exchange rates and the 7th largest in Purchasing Power Parity (PPP), according to the International Monetary Fund (IMF) and the World Bank (WB). GDP (PPP) per capita is \$12,528 in 2014 putting Brazil in the 77th position according to IMF data. According to the report of IMF, Brazil is the 23rd ranking worldwide in value of exports. Brazil is the 3rd largest exporter of agricultural products in the world.

The government of Brazil has aimed at treating corruption by enacting laws and enforcing integrity systems. However, the government still faces challenges in curbing this phenomenon. Challenges include:

- Brazil is often cited for its strong legal framework aimed at curbing corruption. Brazil is occasionally used as a role model when establishing anti-corruption legal frameworks in the developing countries. However, the effective enforcement of laws is a problem in Brazil.
- In May 2012, regulations for the Public Information Access Law were announced, which was effected in June of the same year. The law forces authorities to publish information on expenditure and to respond to the citizen requests for information.
- In July 2013, Congress passed a new Anti-Bribery Law, which holds companies liable for corrupted behavior, covering bribing of foreign and local officials and including healthy penalties.
- In 2012, amendments made to the Anti-Money Laundering Law now criminalize concealed funds and enhances penalties significantly.
- Brazil has declined a facilitating payments exception to its anti-bribery legal framework against the recommendation of the OECD, thus perpetuating such behavior between companies and officials.

An extensive description of the level of corruption within Brazil's institutions and sectors are outlined in the profile's corruption levels. To counter these challenges, the government has set up a strong legal framework to increase transparency within the government as well as private and public sectors. Good governance is necessary for each and every country in order to build a better world. Brazil may be one of the few

examples to see how it is converted from poverty to power. Good governance in Brazil made the country a model nation in the recent time. A rigorous battle against the corruption and poverty in Brazil has made a new path of freedoms, growth, income distribution and equality all of which has made the Brazil the winning respect around the world. Western democracies considered the people in Brazil as efficient, far-sighted and just as a result of good governance there in Brazil. Europeans have been worrying out of jealous at the newly developing industrialization in the nation like China and Brazil. The entire country of Brazil has recently been on the rise in many senses. BRIC is the abbreviation for Brazil, Russia, India and China. BRIC are grouped together because they are considered as the growth regions for their economic potential. Many believe that Brazil is already on its way to becoming a global power. Brazil has been operating with a balanced budget with no or very little debt problem. Unemployment rate in Brazil is nearly zero. Brazil is in the process of overtaking France and the UK. Simultaneously, Brazil is assumed to become one of the world's five largest economies. Brazil has been a newly developed and industrialized country. Brazil has been included in the list of those countries which are known to provide development aid to the other country. For an example, the dollar reserves over \$350 billion (€290 billion) have recently made Brazil as one of the countries with the potential to help save the European Union. According to the New Yorker "Among the world's major economic powers, Brazil has achieved a rare trifecta: high growth, political freedom and falling inequality. International Organization including the World Bank and politicians from US President Barak Obama to the Chinese Prime Minister Wen Jiabao all are full of admiration of Brazil as well. As one of the world's best-governed newly industrious countries, Brazil has been on its way to become a global power as mentioned above. In terms of land areas Brazil is 22 times in comparison to the size of

Germany. Brazil has also been more than twice Germany's population; the total population is about 192 million. As to the historical burden, the society of Brazil is not very homogeneous. Its economy used not to be well-developed. The country of Brazil did not have a tradition of democracy. The judicial independence in Brazil was restored in the mid of 1980s during its democratic transition. The judicial system was granted the broad functional autonomy. Along with this autonomy, the judiciary system was also given a high level of nominal and structural autonomy. The restoration of judiciary credibility and legitimacy necessarily gained its political independence. It was thus decided to insulate the judiciary entirely from the other branches of the government. It is hopefully assumed that the Brazilian judiciary would use its independent authority in a possible manner. The Brazilian judiciary was granted a high level of independence in particular. Terms and conditions of tenure of the judges were significantly enhanced to strengthen their individual independence.

Judges were guaranteed the life tenure with retirement at the age of 70 as well as generous and irreducible salaries. The management of their careers as the judiciary will not interfere by the politician. The judiciary was endowed with setting its own selection, nomination and promotion procedures and the executive branch of the government will not be able to transfer a judge from one court to another. As to the atomized legal system, the Brazilian government wanted to ensure the effective protection of the major economic, political and social rights of the constitution. There are many legal and political reasons for which or while Brazil ignores the principle of the precedent or the principle of common law. The atomized legal system in Brazil strengthens the independence of individual judges and the autonomy of individual courts as well as their hierarchies. Politically, the atomized legal system in Brazil has

given the politicians more means of legal records against the decision taken by the government. The constitution also strengthens the functional independence of the judiciary as a government institution. The constitution did it by insulating it from the broader political system. The courts in Brazil were given total control over their administrative, personnel and disciplinary affairs. The Senate can initiate impeachment proceeding against the Supreme Court Justice. Only the superior-level judges can remove lower court judges. The atomized legal system of Brazil has been qualified as the unique in Latin America. The Brazilian judiciary is the most autonomous in Latin America. As to the economic reform and the judicial governance since the late 1980s, the judiciary in Brazil has frequently displayed independence in its decision. It has been able to block successive government's attempts at reforming the economy. As to the judicial activism in the economic policy of Brazil, the authority of the judiciary was strengthened in the Brazilian democracy. There are many examples of judicial activism in economic policy making of Brazil. Interrelation on to the economic policy by the judiciary created an additional uncertainty about the credibility of the government's economic policy. The judicial system in Brazil scrutinizes the rule of the Brazilian judiciary in economic policy making since the restoration of democracy in 1985. The democratic governance in Brazil was also hampered by excessive judicial independence. In Latin America, the judiciary is the only non-elected branch of the government. As to the adequate balance between independence and accountability, the legitimacy of the Brazilian judiciary has reached abysmal or unlimited levels. The Brazilian judiciary used to be pervasive across the political and social spectrum. As to the perverse incentives of excessive independence, it negatively affects its performance. Judicial independence distorts the independence which shapes the judicial behavior. Few incentives exist within the judiciary to discipline it. There

are some incentives toward good performance and sanction poor performance. The courts became slow, distant, inaccessible and often corrupted. The weakness of the mechanisms for internal discipline and external control inhibits the effectiveness of the performance based on the management system. The inadequacy of the management technique and human resource management has dramatically compounded the problem. Bureaucratic congestion of the court is a major hindrance. Judges spend most of their time in routine administrative affairs rather than judicial decision making.

Judicial reform is to guarantee the independence of the judiciary to ensure the effectiveness of the judicial system. It does however not necessarily generate greater political rights or civil liberty. Judicial independence is only with the social development that judicial independence becomes a factor. However, unaccountable judicial independence has been widely criticized. Both the executive and legislative branches of the government have repeatedly stated their support for establishing mechanism of external control on the judiciary. The unreliability and uncertainty of the judicial process has a negative impact on economic growth and development. The uncertainty of the judicial process increases the cost of doing business in Brazil. It was originally assumed that the judicial independence would enhance the legitimacy, credibility and reliability of the court system. However, it did not achieve any of these objectives. Transparency and accountability in judicial finance are critical to strengthen the judiciary's credibility. Judicial independence, accountability or efficiency is necessarily continuous variables. Achieving the right degree of independence is a challenging task for any democracy. A common feature throughout the region is the failure to admit that the underlying problem is inadequate judicial institutionalization. This is not the problem of too little independence. Finding the right balance between judicial

independence and judicial accountability has been a challenge of judicial reform in Brazil as elsewhere in Latin America. Too much or too little independence of judiciary is not a matter of concern in Brazil what is essence is to provide a balance between the judicial independence and the accountability of the judicial independence and judicial accountability.

After the court-proceedings are independent, the judges have been abusing such opportunity through a delaying procedure. Than the concern arises how much of judicial independence is too much or how little the judicial independence is too little. They need to fix-up an acceptable point between this too much or too little. All it means the independence in judicial system alone is not sufficient. Judicial independence has to be accompanied by the accountability. The whole concern is a concern of making balance between the judicial independence and the accountability of the judge.

6.2 Governance in Argentina

Argentina is officially called the Argentine Republic. Argentina is a federal constitutional republic with the representative democracy. This Federal Republic is located in south-eastern of South America. It is bordered by Bolivia and Paraguay to the north; Brazil to the northeast; Uruguay and the South Atlantic ocean to the east; Chile to the west and Drake Passage to the south. The mainland of Argentina is of 2,780,400 square kilometer (or 1,073,500 square mile). Argentina is geographically the eighth-largest country in the world, the second largest in Latin America and the largest Spanish-speaking nation. In the 2001 census, Argentina had a population of 36,260,130. As the preliminary results from the 2010 census, the population has increased to 40,091,359 by growing at the rate of 1.03 percent since 2010 per year. Argentina ranks 3rd in South America in the total population

and 33rd globally. Population density is of 15 persons per square kilometer of land area, which is below the world average of 50 persons. The population growth rate in 2010 was estimated at 1.03 percent annually, (=1.77-0.74) with a birth rate of 17.7 live births per 1,000 inhabitants and a mortality rate of 7.4 deaths per 1,000 inhabitants. The net migration rate has ranged from zero to four immigrants per 1,000 inhabitants. As of 2013, the proportion of people under 15 years of age is 25.6 percent, a little below the world average of 28 percent. The proportion of people of 65 and older is relatively high at 10.8 percent. In Latin America, it is the second in terms of elderly people only to Uruguay and well above the world average, which is currently 7 percent. Argentina has one of Latin American's lowest population growth rate, recently about 1 percent a year, as well as a comparatively low infant mortality rate. Its birth rate of 2.3 children per woman is still nearly twice as high as that in Spain or Italy, comparable here as they have similar religious practices and proportions. The median age is approximately 30 years and life expectancy at birth is 77.14 years as of 2013.

Argentina has a very high rate in the Human Development Index (HDI). The following report by UNDP was released on November 2, 2011, and calculates HDIs based on estimates for 2011.

Table: Very High Human Development

Rank	Country	HDI	World rank
1	Chile	0.819	40
2	Argentina	0.811	45
High Human Development			

Rank	Country	HDI	World rank
3	Uruguay	0.792	50
4	Cuba	0.780	59
5	Panama	0.780	59
6	Mexico	0.775	61
7	Costa Rica	0.773	62
8	Venezuela	0.748	71
9	Peru	0.741	77
10	Brazil	0.730	85
11	Ecuador	0.724	89
12	Colombia	0.719	91

The Gross Domestic Product per capita in Argentina was recorded at 17554.12 US dollars in 2011, when adjusted by purchasing power parity (PPP). The GDP per capita, in Argentina, when adjusted by Purchasing Power Parity is equivalent to 80 percent of the world's average. GDP per capita PPP in Argentina is reported by the World Bank.

Argentina is a middle emerging economy and one of the world's top developing nations. Argentina is composed of 23 provinces and one federal district (Buenos Aires). It is governed by the 1853 constitution as revised in 1898 and 1994 and has a federal system of the government. The government of Argentina is regulated by a system of checks and balance defined by its constitution. The federal government is

composed of three branches: these are (1) Legislative, (2) Executive and (3) Judicial.

1. Legislative: The bicameral Congress, made up of the Senate and Deputy Chambers, makes federal law, declares war, approves treaties and has the power of the purse and impeachment, by which it can remove sitting members of the government.

2. Executive: The President is the commander-in-chief of the military. The President can veto legislative bills before they become law - subject to Congressional override. He also appoints the members of the Cabinet and other officers, who administer and enforce federal laws and policies. The President is elected directly by the vote of the people, serves a four-year term and may be elected to office no more than twice in a row.

3. Judicial: The Supreme Court and lower federal courts interpret laws and overturn those they find unconstitutional. The judicial is independent of the Executive and the legislative. The Supreme Court has seven members of Judges appointed by the President – subject to Senate approval – who serve for life. The lower court's judges are proposed by the Council of Magistrates secretariat composed of representatives of judges, lawyers, researchers, the executive and the Legislative appointed by the President on Senate approval.

Argentina has long been suffered from the corruption of different kinds. As noted in New York Times (1996), pay-offs, kick backs and government corruption are considered as part of everyday life in Argentina. The legal and institutional framework to combat corruption is strong in Argentina. Even then corruption remains as a serious problem in Argentina, including its private sector. Bribery and fraud are also very common among the private sector in Argentina. The lack of transparency in the government regulation provides a kind of uncertainty in its economic activities. The laws and order, including its rules and regulations, suffer from a variety of

uncertainty due to the lack of transparency. According to Transparency International - 2012, Argentina is a deeply corrupted country. Argentina scores 35 out of 100 and ranks 102 among 176 countries according to the Corruption Perception Index 2012.

In 2012 index, it includes 176 countries and territories.

A short list based on few of the Latin American countries from the Corruption Perception Index (CPI) - 2012 is as follows:

Table: Corruption Perception Index 2012

Country Rank	Country / Territory	CPI 2012 Score
20	Chile	72
20	Uruguay	72
69	Brazil	43
102	Argentina	35
105	Mexico	34
118	Ecuador	32
165	Venezuela	19

Law-and-order in Argentina is not strong enough. According to American task force, corruption affects all aspects of the economy of Argentina. In 2011, the diplomats from the US and the several other western countries had expressed their deep concern about the levels of corruption in Argentina. According to the major Argentine Newspaper (2013), corruption has been a major problem in Argentina since 1890. Corruption has been steadily increasing since 1990. The environment of free market

economy and the rule of law have been deteriorated since 2013, while corruption has been estimated to be boomed. It is hard to find even a single day without any allegation or incidents of corruption. According to the Transparency International, Argentina has sufficient legislation and institution dedicated to the prosecution of corruption in the public sector. However, the enforcement of law and order is highly inadequate. Argentina is very accustomed to the idea that government is corrupted. It is not surprising to listen that corruption is the everyday culture in Argentina. Even the corrupted politicians in the political environment in Argentina get re-elected. It does mean that it is not easy for the common voters to find any uncorrupted politicians. Argentina is an economy which has tolerated a legal drain of 160 billion dollars for the past 20 years. In 2013, according to the Corruption Perception Index (CPI), Argentina was ranked 106 out of 177 countries by the Transparency International. According to the Transparency International-2013, Argentina along with Mexico was the most corrupted country in Latin America.

Table: Corruption Perception Index (CPI) – 2013

Rank	Country	Score
19	Uruguay	73
22	Chile	71
72	Brazil	42
83	Peru	38
102	Ecuador	35
106	Argentina	34
106	Mexico	34
160	Venezuela	20

In comparison to the Corruption Perception Index (CPI) – 2012, corruption problem in Argentina has been deteriorated in 2013. Argentina was ranked more poorly in corruption on the 2012-2013, according to the World Economic Forum (WEF). Out of 152 countries surveyed, Argentina was named the 145th least corrupted, meaning that only seven countries in the world were found to be more corrupted than Argentina.

The corruption in Argentina seems to be black because it has a corruption that has cost lives. Argentina's corruption used to infect its politics, economy and society. Among the other kinds of corruptions are bribery, extortion, illicit enrichment, incompatible negotiations, money laundering and misappropriations of public fund. In the recent year, Argentina's performance is poor in the rating of corruption by the Transparency International (2013). This is very common that the government officials in Argentina get accused of illicit enrichment. The public officials get suspended due to corruption as it is a common feature in Argentina. Charging commission on all private international contracts at the rate of 15 percent is common in Argentina (2011). It is interesting to note that about half of the all formally employed workers in the Formosa province are on the government payroll, who or many of them show up only once a month to collect their pay checks. The lack of transparency in Argentina is a source of corruption committed by the public officials. The lack of public access to the government information is very common in Argentina. According to the Transparency International, it is very important to have a strong federal law that would increase transparency and accountability.

A major category of official corruption in Argentina has been the money laundering. As US embassy reported (2009) on the controversy over Argentina's new tax amnesty law, which was widely regarded as helping to facilitate the money laundering. Transparency International (2011) commended Argentina for a

law enacted that year that recognizes money laundering as an offense and prescribes substantial punishments. As to the judicial integrity of Argentina, the judicial courts are slow, inefficient and vulnerable to corruption and influenced by the executive branch according to the 2013 heritage foundation report. The judiciary members in Argentina are politically appointed. They enjoy a close relationship with the executive branches. In addition to the above, the judiciary system suffers from insufficient administrative support. It is a common practice of the government officials to offer political jobs to judges. The government also appoints judges in charge of important cases, which in turn derail the case. According to some other sources, the corruption cases take an average of 14 years to be resolved. Out of 750 cases trialed during a certain period, only 15 resulted in convictions. The American Task Force Argentina used to have a complaint that the Argentine government is not doing much to address the public concern. In late 2008, the Ministry of Health of Argentina and the Minister in particular informed the US ambassador that pharmaceutical corruption was one of the major problems afflicting the country's health care system. Citing allegations of price manipulation and fraudulent products, a greater transparency was called for from the agencies involved with distributing drugs. Also, the money allocated for the public health was, in fact, going to the other places during 2007. According to the Transparency International, the Anti-corruption Office and the Auditor General's office need a more robust mandate to hold public officials to account and should be independent and proactive in corruption investigations. Argentina faces a general public tolerance of corruption, slow and cumbersome legal system, which hinders the official ability to successfully prosecute the cases.

As to the reference: "Argentina: Governance in Crisis, Paul Alexander Haslan, FOCAL Senior Analyst," the dramatic

denouement of Argentine government in December 2001 and subsequent development over the course of 2002 were deeply conditioned by the political factors. The Argentine crisis was and remains a crisis of governance in the most profound sense. The crisis of governance in Argentina reflected a deep failure of the political class to adequately respond to the circumstance. The failure was rooted in the economic, political and socio-cultural incentives. This failure touched every aspect of the Argentine political-economic system. By 2001, getting off convertibility would have required a carefully controlled devaluation plan, including a debt rescheduling deal supported by the IMF. There is little evidence that such an option was considered or even that convertibility was viewed as a key part of the problem by top IMF officials. The IMF officials continued to assert that Argentina's economic problems were primarily due to incomplete liberalization and excessive government spending. The crisis and the failure of governance have already led twice in the last twelve years since 2001 to the premature transfer of power. The constitution rather than being a document which sets agreed limits on the political game, is still a part of the game. The politicization of the judiciary has meant that the Constitution is not interpreted consistently over time, but is rather just another pawn in the more relevant game of the power politics. The road to devaluation and crisis was paved with bad incentives. After the economy entered a negative growth path, convertibility continued to generate strong incentives in favour of the status quo. In this context, the political will of the government needed to break the vicious cycle of recession was considerable. The institutional incentives identified above worked to frustrate the political innovation and risk-taking necessary to avert the crisis. The failure of governance in Argentina is the failure to build an institutional environment capable of channeling the considerable intellectual talent of its people towards the common goal. Poor governance lay behind the crisis and the

way in which it was managed. According to all the above analytical information, Argentina has significantly been facing a less than good governance.

6.3 Governance in Mexico

Mexico, officially the United Mexican States, is a federal republic in North America. It is bordered on the north by the United States of America; on the south and west by the Pacific Ocean; on the southeast by Guatemala, Belize and the Caribbean Sea; and on the East by the Gulf of Mexico. Covering almost two million square kilometer, Mexico is the fifth largest country in the great Americas by the total area and the 13th largest independent nation in the world. With an estimated population of over 113 million by 2010, it is the eleventh most populous country in the world. It is also the most populous Spanish-speaking country in the world and the second most populous country in Latin America. GDP (Gross Domestic Product-2010) was estimated at \$ 1.03 trillion. As to the health condition, infant mortality rate was 14.1 per 1000 live births in 2010 and the life expectancy (2009) was 76.47 years and literacy rate was 93.4 percent in 2009.

Mexico is a federation comprising thirty-one states and a Federal District, the capital city. The United Mexican States of 31 free and sovereign states form a union that exercises a degree of jurisdiction over the Federal District and other territories. Each state has its own constitution, congress and the judiciary. Citizens of each state elect a governor by direct voting for a six-year term and representatives to their respective unicameral state congresses for three-year terms. The Federal District is a special political division that belongs to the federation as a whole and not to a particular state. The federal district has more limited local rule than the nation's states. The states are divided into municipalities, the smallest

administrative political entity in the country, governed by a mayor or the municipal president (president municipal), elected by its residents by plurality.

The United Mexican States are a federation whose government is representative, democratic and republican based on a presidential system according to the 1917 Constitution. The Constitution established three levels of government: the federal Union, the state government and the municipal government. According to the Constitution, all constituent states of the federation must have a republican form of the government composed of three branches: the executive (represented by a governor and an appointed cabinet), the legislative branch (constituted by a unicameral congress) and the judiciary. These will include state Supreme Court of Justice. They also have their own civil and judicial codes. However, the Mexican constitution in 1917 implies that Mexico is a democratic country, but in real practice the democracy began only about a decade ago in Mexico. Evidence shows that democracy was replaced, when authoritarian PRI party ousted in 2000, through forming the new government by National Action Party. The Mexican citizens must cooperate with the government so as to achieve its long-lasting development goals through the democratic institution. Thus, as a part of the success of Global Development and Population Program, Mexico needs the following. Firstly, it is needed to help extend the freedom of information laws to state and local governments so as to good governance is ensured. It is also necessary to increase the understanding of state and local budgets and the capacity of civil society organizations to monitor and analyze them, as well as advocate for effective use of the public money. Secondly, as the access to information is a basic right of the citizen, it is also needed to complete a major pilot project to understand how poor communities in Mexico can use information access laws. It is necessary to share with Mexican journalist to international

experiences on the relevance of transparency and accountability for investigative reporting. It is also important to increase the emphasis on the government transparency and accountability so as to act as a factor in the international competitiveness. Lastly, to gain eligibility for tax-deductible status for Mexican civil society organizations that work on transparency and accountability. By using information technology tools to foster a network of national, state and local organizations that focus on the access to information in Mexico. Sometimes, governance is quite possible even under formal democratic structure. For an example, the government of Mexico has still far away to reach good governance due to crime, violence, corruption etc. The rising violence in Mexico has resulted in a sharply heightened sense of fear among citizens. The use of extortion and kidnapping by cartels combined with a lack of trust in security forces terrorizes the population and makes them feel like they have nowhere to turn. On the other hand, it is internationally known that Mexican corruption has still been increasing. This is called the petty corruption as it takes place everywhere in the country of Mexico. Crime problem in Mexico has been contributed by many more factors than we can think. Corruption is of high levels in the police, judiciary and government and its administration in general. Politically Mexico is a democratic country. Its democracy is, however, not a stable democracy. As to the enforcement of law, the police forces in Mexico are complex. Each police force has a different level of jurisdiction and authority, the levels of which do often overlap. The federal Attorney General along with the law enforcement agencies is responsible for overseeing the law enforcement across the entire country of Mexico. Pay for the police per month (US \$ 285 - \$ 400) is generally very poor. Police officers are more likely to accept the bribe to protect criminals and ignore the crime entirely. The law enforcement personnel either generally accept a bribe or they will be killed by the criminals.

Corruption takes place in the various levels of police. Corruption is difficult to track-down and prosecute since police officers may be or normally are protected by the district attorneys and other members of the judiciary. The Mexican police force often does not investigate crimes. Generally, the police will randomly select someone to be the guilty party to fabricate the evidence. This issue is a major problem throughout Mexico. Many of the actual police force is the ones involved in the crime or many of the police force has been trying to cover up their poor police work. Corruption in the Mexican judiciary has not yet been reduced significantly. It is noteworthy that the federal court operates at a relatively high level. The most citizens are compelled to seek justice in the inadequate state court. These concerns may be mentioned in the following:

- Disorganization in the legal profession
- Poor trial procedure
- Poor access to the justice system for indigenous peoples as well as minors and
- Lump sum investigation in many crimes.

As to the Wal-Mart scandal in 2012, the New York Times accused Wal-Mart of bribing local government officials in Mexico in order to expedite the process of awarding construction permit to build new supermarkets. The case was investigated by the department of justice (United States) prosecutors. How a country is administered or controlled depends on the set of process, policies, laws and institutions which is called governance. There is a strong link between governance and corruption or bad governance leads a corrupted administration which is in turn destructive for the society. Transparency International Mexico state has been fighting against corruption and got focus as one of the main civil

society organizations in Mexico. According to the TIM, the system of sanctioning those who abuse their position and power exists. But the Mexican government has failed to effectively put an effort of such sanction. An example of this is the scandal generated by the Mexican ambassador to the OECD (Organization for Economic Co-operation & Development) who spent one million US dollar on four vehicles for the embassy and among other things, 3000 US dollars on a bottle opener. The penalty for this abuse was mere disqualification from occupying positions in public institutions and no more. The citizens of Mexico will have the ultimate word in the way the state and its structure will operate. Citizens will acquire their power through free, fair and competitive election process. Through the electoral process, the citizens determine who will govern the country on behalf of them. Those who occupy the public offices, including civil service people, are the gatekeepers of the information produced by several institutions of the state. Publicly functioning officers or the government officials in other worlds are accountable for the way in which the records gathered and produced and are implemented.

Transparency and access to information are the key elements in the way the democratic government functions. When the accurate governmental data and information are released, the individuals in the country will be able to learn how the government of Mexico is functioning. In the pluralistic form of the government, the approval and implementation of the law which promote and guarantee the transparency are very important in the democratic system. It means that the common people would like to have access to information. Governmental information may not remain hidden before the general public or the citizen. The publicly available information constitutes a relevant and necessary instrument in the consolidation of a democratic system of rule. But this is only possible when

government is obliged and does release the accurate information to its citizens. The accurate information will explain the actual functioning of the government. Furthermore, the accurate information released by the government will help evaluate its performance. Transparency and access to information may only be the necessary condition but may not be the sufficient condition to achieve the objectives of maximizing social welfare. Accountability means that we need to evaluate the performance of an official who is supposed to carry out. The accountability cannot be reduced to those two elements namely transparency and access to information. The above mentioned necessary and sufficient condition both are needed to establish a truly accountable democratic government. It clearly means that we must eliminate the corruption or corruption must appropriately be sanctioned. Once you have transparency and access to information, still these are not enough to implement the policy. Transparency and access to information are used to evaluating the performance of the public institution. These are also used to detect if the conducts of public servants have deviated from law. Transparency and access to information help construct the accountability system. The viability of Mexican democracy is linked to the policy instrument. The policy instrument provides to the citizen with the capacity to supervise the authority that exercise the popular sovereignty.

6.4 Governance in Venezuela

Bolivarian Republic of Venezuela is a country on the northern coast of South America. The geographical area of Venezuela is around 9,16,445 square kilometer with an estimated population of approximately 2,91,00,000. The population density per square kilometer is about 32 only. Venezuela was colonized by the Spain in 1522 despite the resistance it faced from the

indigenous people. It became one of the first Spanish American colonies to declare independence in 1811, but did not securely establish independence until 1821. Venezuela is a federal presidential republic consisting of 23 states. Venezuela is among the most urbanized countries in Latin America. The vast majority of Venezuelans live in the cities of the north, especially in the capital of Caracas, the largest city in Venezuela. In the earliest 20th century, Venezuela has been one of the world's leading exporters of oil and has the largest oil reserve country. Inflation increased at 100 percent in 1996 and poverty rates rose to 66 percent in 1995.

Venezuelan President is elected by the voting system. The President is both the head of the state as well as the head of the government. The President appoints the Vice-President and decides the size and composition of the cabinet. The President makes appointment to the cabinet with the involvement of the legislature. The President can ask the legislature to reconsider portions of laws which he finds objectionable. A simple parliamentary majority can override these objections. The President may ask the National Assembly to pass an enabling act granting the ability to rule by decree in specified policy area. However, this will require a two-thirds majority in the assembly. Since 1959, six Venezuelan Presidents have been granted by such powers.

In Venezuela, the political variables including the weakening of the democratic government, the poor and the declined institutional quality and the increasing political instability all are the key determinants in exploring the poor economic performance since 1989. The institutional and political variables are crucial to explain why Venezuela has not been able to return to a sustainable growth trajectory in the last two decades. The decline in institutions and democratic governance in the last two decades can be significantly attributed to the following four variables:

- Oil dependence, which induces poor institutional quality and creates significant challenges for good governance.
- The dramatic fall in per-capita oil fiscal revenue in the late 1980s and 1990s.
- The institutional (and economic) reforms introduced in the 1990s, which weakened the party system and the political cooperation.
- The institutional reforms implemented by President Chavez, which dramatically increased the stakes of power producing a complete breakdown in the political cooperation.

The decline in governance and the low quality institutions in Venezuela translated to a low quality policy making. High policy volatility in capacity is to sustain inter-temporal commitments, difficulty in implementing the sustainable policy reform and the effect of decline in governance. The country became unable to have the macro-economic stabilization. Fiscal policies became significantly pro-cyclical.

Corruption is a significant problem in Venezuela. A systematic culture of corruption exists in the most levels of the society. The zero tolerance policy towards corruption by Chavez was not demonstrated by several public initiatives. Venezuela has a huge investment in growth potential. The natural resource wealth of Venezuela has made it attractive to the foreign investors. However, the political and the regulatory uncertainty have seriously discouraged the foreign investment in the country. Factors, including political instability, bad bureaucracy and corruption inhibit the business climate. Positive developments in relation to corruption and investment are as follows:

- Both the executive and legislative branches have shown great interest in fighting corruption through public institutions, which is demonstrated by the creation of a comprehensive legislative framework and several agencies being mandated to deal with the cases of corruption.
- During 2010, the Comptroller General's Office administratively disqualified over 50 civil servants, including eight National Assembly candidates as a result of allegation of misuse of public funds.
- Venezuela has a well-developed set of regulation governing public procurement, including a government-wide system for registering contractors, setting up new procedures for procuring goods and services and selecting contractors.
- E-governance is relatively well-developed in Venezuela and practically all public ministries have web pages by providing information on their work.

6.4.1 Corruption in Venezuela

- Petty corruption is common and companies may be extorted in return for expedited processing or favorable treatment.
- The process of obtaining license is often expedited by facilitation payments and gifts to licensing authorities.
- Government contracts are vulnerable to corruption and the tender process frequently lacks transparency according to international reports. Two-thirds of companies expect to give gifts to secure a government contract.

- Trade in Venezuela is impeded by customs procedures, which remain largely inefficient. Exporting and importing require much time and paperwork to clear goods at the border and the process is plagued by corruption and bribery.

Venezuela is a country of social inequality and frequent corruption. Chavez's controversial policy of socialism had led to political and social change. It had also led to political unrest and deep social cleavages between supporters and opponents. Chavez remained popular among the poor majority because of his socialistic program. Chavez was extremely unpopular among the Venezuelan elite and business community. The elite opposition used to accuse the government of being undemocratic and disrespecting the Private Property Right (PPR).

The people face the problem of inhibition of freedom of speech. However, Chavez had failed to hold on to the two-thirds majority (1990) when the opposition gained as much as 59 seats. As noted earlier, corruption is a significant problem in Venezuela. A systematic culture of corruption exists at most level of the society. According to the transparency international, 65 percent of surveyed households perceived the government's action against corruption to be ineffective (2010). According to the same report, 25 percent of the surveyed household pays a bribe in the previous year. The police are reported to be the most corruption-prone among the public institution. As reported by the regional survey, 23 percent of Venezuelan households pay a bribe to obtain public service and utility. The 49 percent of the household give an opinion that government needs to reduce corruption further to improve the democracy. The 61 percent household perceive that the crime and social insecurity to be a larger problem than corruption. The 62 percent households believe that the government in Venezuela is able to fight the crime and social

insecurity. Still today, petty corruption is a large problem in Venezuela. According to the global corruption barometer (2010), Venezuela ranks among the countries in the region (Latinos), where the most household have been the victim of corruption themselves. As to the relation of business and corruption, aggregate situation in Venezuela is very much discouraging. The management of Venezuela's oil wealth has been a dominant and political issue for long years. Venezuela has a huge investment and economic growth potential. Its natural resource of wealth has made Venezuela as an attractive place to invest. Venezuela welcomes the foreign investment. It gives equal treatment to foreign and local companies. However, the political and regulatory environment in Venezuela is very uncertain which has seriously weakened the capacity of Venezuela to attract the foreign investment. According to the transparency international, the foreign currency regulation, inefficient bureaucracy and corruption inhibit the business climate in Venezuela. All these are noted by the investors considering doing business in Venezuela. Due to the cumbersome business climate and the restrictive legal framework in Venezuela, the foreign direct investment is relatively low. Access to the foreign exchange is a major barrier to trade in Venezuela. According to the multiple sources, the corruption is a key constraint for doing business in Venezuela.

According to transparency international, the private sectors have been estimated to be corrupted by 62 percent. According to the World Bank, 38 percent of the companies surveyed identified corruption as a major constraint in doing business. They also mentioned about transport security, customs and ports as the serious problem for their business activities. The government procurement is always associated with corruption and lack of transparency. According to the US Department of State 2011, a great majority of the public contracts are awarded

without any open competition. According to the global integrity 2011, political consideration prevailed in most procurement in which the conflict of interest is present. The regulatory environment in Venezuela is very inefficient. Companies investing in the country have to face inconsistent application of regulation. Cumbersome bureaucracy, rent seeking and corruption are the major constraint to business operation in Venezuela. Lack of transparency increases the overall operation cost of the business. To obtain the business license in Venezuela is a time consuming process which leads the company to adopt the irregular method to shorten the waiting time. The judicial system in Venezuela is often slow, inefficient and corrupted. The judiciary is often politically influenced by the member of the government, the individual citizen or companies. Sectors (Judicial System, Police, etc.) describe which kind of corruption can be encountered in different areas. This section covers various forms of corruption, including bribes and facilitation payments. All information is based on publicly available information and should be viewed as general guidelines on the types of corruption existing in the country. Levels of corruption in the different sectors indicate where corruption can be encountered. The levels are presented as follows:

- **Individual Corruption:** Corruption that takes place primarily in relation between the individual citizen and public officials and authorities.
- **Business Corruption:** Corruption that takes place primarily in relation between enterprises/companies and public officials and authorities.
- **Political Corruption:** Corruption that takes place in the higher sections of public administration and on the political level.

The judiciary is among the most corrupted public institutions in Venezuela as illustrated by Transparency International's Global Corruption Barometer 2010. According to the report, nearly half of the surveyed households consider the judiciary as 'extremely corrupted: Similarly, among the Latin American countries which are included in Lationbarometro 2008, Venezuela is the country where the largest percentage of respondents believes that it is possible to get a favorable sentence by bribing a judge. According to the World Economic Forum Global Competitiveness Report 2011-2012, surveyed business executive has a low degree of confidence in the Venezuelan legal system. In general, business executives do not consider the legal framework for setting disputes and for challenging regulation to be efficient. Companies should be aware that the corrupted and inefficient judiciary poses a hindrance for settling commercial disputes in Venezuela, according to the US Department of State 2011.

As to the police corruption, the Venezuelan police are perceived to be the most corrupted public institution in the country. According to some survey, the police are considered extremely corrupted. It is possible to bribe a police officer in order to avoid a fine or arrest. Police officers are generally poorly paid and receive a minimal training. As to the Human Rights Watch-2012, the violent crime is rampant in Venezuela. Extra-judicial killings remain a problem. Police extortion of companies is not uncommon. The corruption and abuse of power and a culture of impurity plagued the Venezuelan police. The government uses police forces to repress political demonstration.

As to the land administration, a significant part of the surveyed household considered bribes to land authorities to obtain favorable decisions "a very serious problem". The land matter is perceived to be distorted by grand and political corruption. The private property right exists on paper and they are not

implemented consistently nor are they adequately safeguarded. The costs and procedural burden of paying taxes in Venezuela are much greater than the regional average. Tax laws are not enforced uniformly and without discrimination in Venezuela. Tax evasion is not uncommon despite incentives such as tax card. The environment of arbitrariness in tax regulations could create opportunities for corruption. Political considerations play a role in the enforcement of tax laws. The country of Venezuela needs more suitable measures to ensure that the bribe paid to tax officials in turn for favorable tax treatment to be detected. The custom is an area where bribes are often demanded. Venezuelan ports and airports are notorious for their high levels of red-tape and corrupted practices. The corruption within the customs service is one of the greatest barriers to trade in Venezuela. Customs and excise laws are not always enforced uniformly or without discrimination. Personal and family connection is likely to help people evade customs and excise laws. The regulatory and institutional framework of customs administration remains as a high risk area for corruption. The political consideration also plays a role in the enforcement of customs and excise laws. The customs and immigration agencies are used by the Venezuelan government to intimidate opposition leaders and journalists who are critical to the government.

Companies intending to operate in Venezuela must learn that corruption related to public procurement is common. Corruption exists in the government public procurement process. Companies are generally recommended to use a specialized mechanism to mitigate the corruption risks associated with the public procurement. The major public procurement should be advertised for a competitive tender. This is not always the case in practice in the public procurement in Venezuela. The public procurement officials have a great deal of discretionary power over the procurement

process. Public procurement officials commonly demand commission for awarding contracts. After the oil companies were nationalized, contracts with the private company were cancelled. Private companies were forced to work with the government oil company, which was a big concern. As to more about the public procurement and contracting, the vast majority of the government contracts are awarded without open competition. Furthermore, government contracts are vulnerable to corruption. The tender process frequently lacks transparency.

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