Preface

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“There are too many of us who happily embrace Madiba’s legacy of racial reconciliation but passionately resist even modest reforms that would challenge chronic poverty and growing inequality”.

President B. Obama at the memorial service for Nelson Mandela, using Mandela’s clan name


1. The Great Recession

It is called the Great Recession (Altman 2013: 8-13). Compared to the Depression, which began in 1929, it has been found surpassing that cataclysmic crisis in terms of its global effects on the financial markets. “As investors swung from euphoria to fear, deeply liquid markets dried up overnight, leading to a world-wide contraction in economic activity” (Greenspan 2013: 88). The current Great Recession was even seen as heralding both critical events, like a collapse in Europe or an absolute decline of the United States and major realignments in the world distribution of power (Nye 2010:2-12; Altman and Haas 2010:25-34). To be sure, in many ways, it has been the defining characteristic development of an entire decade, the first of the 21st century.

Coming on the heels of a period of almost uninterrupted and generalized prosperity, the onset of the crisis took people by surprise. Individuals were taken aback, feeling cheated of a boon which many, in several countries, expected to continue for a long time to come. Where both ordinary

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people and the pundits got it wrong is that both drew rash conclusions based on precious little evidence from limited periods of time. As Professor Nye remarked, we may pronounce ourselves on historical developments only after the passage of time; considerable time, given the discontinuity of seemingly decisive socio-political trends. We may thus speak today of the decline of the Roman Empire, which began sixteen hundred years ago. Of course, it is old news by now. But even that decline took approximately three centuries to reach its completion (Nye 2012: 64).

Recessions, as Nye put it, “are cyclical. Some are deeper and last longer than others, but eventually the cycle turns.” (ibid) What gave the present crisis particular salience, as well as depth and scale, is its multi-dimensional character. In contrast to past cycles, the present major crisis has not been only financial or economic but also institutional, political and social, as well as moral in places. In vast swaths of the world, the tremors it produced brought into sharp relief long-standing issues and challenges that had been left unaddressed. The crisis did expose deep fissures in the structures and institutional framework of the State. The very architecture for governance and the practices of government were found wanting.

In several parts of the world, the crisis had the effect of shaking deeply entrenched regimes to their foundations. Compounding discontent, which often had its roots in other causes, it brought those regimes to their knees. The wounds, which it exposed, may well take time to heal. As a chapter in Part II of this volume clearly shows, even the Arab Spring, although overtly an outbreak of anger and frustration at harsh despotic governments, was also a blunt rejection of a model that had failed; an economic model which promised all things to all people but ended only favouring the very few at the top.

2. The Market Model of Governance

Sold to the world as the “one size fits all” solution to all our problems, (Anechiarico 2007:784), the “managerial model” promised to rid the world of “bureaucratic deadweight” and of “big government waste”, thus ushering into an era of unrestrained initiative, empowerment, creativity, performance and prosperity. Of course, with the passage of time, the heralded reforms yielded few of their trumpeted outcomes. With time, New Public Management not only lost its glamour but also “turned reform into a bureaucracy in which a one-size-fits-all bias shapes performance management” (ibid). The model, whose inspiration may well be traced to opponents of John Maynard Keynes and his disciples, reduced the role of government to its most rudimentary expression. Public administration was redefined to
mean micro-economic governance of the public sector, which now became the target of attacks and calls for its downsizing.

Prevailing after the crisis of the late 1970s, this managerial model benefitted greatly from a climate of opinion which triumphed after the implosion of the USSR and the visible collapse of socialist experiments. Validated by pronouncements like the “End of History” (Fukuyama 1993), the model swept the world during the 1990s and the first decade of this century. With considerable support from the Bretton Woods institutions but also the OECD and a number of bilateral agencies, it provided the underpinnings of the structural adjustments and related “development programmes” in the course of the period in question. Though battered, bruised and devalued during the Great Recession, the model still retains a measure of support, even stature and prestige among conservative circles, in certain parts of the world. To champions of this model, as much as casting doubt on the continued pertinence of some of its core principles or questioning the “endurance” of the international order, on which this model rests, invites the charge of “revisionism”. (Ickenberry 2014:87-90; Mead 2014:78-79).

To get a clearer view of this model and its implications or practical derivatives, it may be of help to attempt to list some of its principal features:

- **Hostility to government** - “big government”, especially (Fraser-Moleketi 2012:192-194);

- Inordinate praise of the markets, as paragons of virtue, performance, merit, speed, efficiency and effectiveness, in both the public sector and private enterprise;

- Accordingly, the quest for market-based solutions to diverse issues in governance and public administration. Thus, both deregulation and outsourcing have been promoted and primed on the untried assumption that private enterprise could invariably be trusted to both “self-regulate” and deliver public goods or public services better, more efficiently and effectively than government “bureaucracies”;

- **Effective subordination of politics to economics**; the primacy of the private over the public sector, also coupled with hostility or, at best, with profound scepticism towards government initiatives and interventions in the economic sphere. Aside from deregulation, this also took the form of downsizing public services and privatization of formerly municipal or state-owned enterprises;

- **Hostility to the State**, which extended to all forms of public activity and collective provision of needs other than domestic security and pursuit of foreign wars. With individualism prized as virtue in itself, “collectivism” acquired a negative connotation. It harked back to forms of government now widely viewed as failures. Greatly
cherished in the past, the individual right to privacy lost out, in recent years, to the overriding claims of national security. Likewise, the “Welfare State”, which in the 1940s had been hailed as the proudest accomplishment of the post-war decades, was now dismissed as “paternalism”; and

- *Equation of freedom and liberty* with “free enterprise” and thus with State abstention from the economic sphere, from market regulation and “social engineering”.

Hostility to government and to the State became established doctrine; perceived downsides of government were seen as self-evident truths. The State was portrayed as “the enemy” or as at best the problem (Friedman 1993; Hayek 1944). This position went *in tandem* with a view of “fragmented” society, as composed of “atomistic”, “a-social” individualists. Citizens were portrayed as arguably “patriotic”, when it came to foreign affairs, but having on their minds only their self-advancement, enrichment and success. That such a view of society and concept of the State, which find so little resonance with the bulk of the world’s population, should have prevailed so speedily and, to all intents and purposes, become official doctrine in many parts of the globe, can only be understood in terms of the unique political circumstances prevailing in the 1980s and throughout the 1990s.

There can be little doubt that, as an ideology, it has long antecedents. The tenets of this doctrine found eloquent expressions in the American Declaration of Independence (1776), its sister French Declaration of 1789 and the Preamble to the French Constitution 3 September 1791. Echoes of it were heard in the landmark Declaration of Human Rights, which the General Assembly of the United Nations proclaimed and promulgated on 10 December 1948. Language, this time around, included recognition of the importance of *communities* and the role of the community as the essential support framework for individual welfare, security and fulfillment (Fraser-Moleketi 2012: 198-201). In the immediate post-war days, with the horrors of the War still fresh on people’s minds, this served as a timely reminder that the world need not be a jungle or indeed be viewed as such and that, as the popular saying goes, “it takes a village to raise child”.

Conveniently forgotten, at around the end of the century, were “duties to the community, in which alone the full and free development of the [human] personality is possible”, according to the Declaration of 1948. Also swept under the rug or consigned to the back burner were the concepts of “general interest”, of “public goods” and of “the common weal”, which underpinned the progress of democratic governance, in several parts of the world, ever since the mid-eighteenth century. Its overarching goals and quintessential tasks were commonly overlooked as the focus of attention largely shifted from the *what* and the *why* to the *how* of public action...
and to the bottom line. All that appeared to matter were efficiency and effectiveness; they trumped all other values.²

To all intents and purposes, it came down to the triumph of technique over purpose and to “ends justifying the means”. As early as 1994, the World Bank set the tone of this new agenda in an oft-quoted report entitled: “Governance: the World Bank Experience”. Conceding that the word had seldom been used in the past, the report went on to provide the following definition of this now resuscitated 18th century term:

“the manner in which power is exercised in the management of a country’s economic and social resources for development” (World Bank 1994:XIV).

With such explicit emphasis on “manner” and modalities, the next step was to explore and define the set of conditions which optimized the conduct of corporate governance (ibid.). According to the Bank, “[e]xperience in all regions” confirmed the role of management and Public Sector Management (PSM) as “a key issue of development effectiveness”.

This, according to the Bank, represented an approach significantly “influenced by changing perceptions of the role of the State. The new model requires a smaller state equipped with a professional, accountable bureaucracy that can provide an “enabling environment” for private sector-led growth, to discharge effectively core functions such as economic management, and to pursue sustained poverty reduction” (World Bank 1994:XVI).

With economy and downsizing topping the list of priorities, building “an enabling environment” for private sector growth were viewed by the World Bank as the surest way to prosperity. “Good governance” was born. The stress was on technique, the manner and modalities, but only secondarily on the outcomes or the process of the exercise in question. Other than passing references to “poverty reduction,” there was little indication that social distributive justice and public participation in decision-making processes formed part of the concerns embodied in the Bank’s definition. The numbers and identity of end-users or beneficiaries of the abovementioned functions remained unspecified, as were the pathways taken in the design and planning, formulation and implementation of policies (World Bank 1994:XIV).

². Endnote, pp. 24-25.
3. From “Good” to “Democratic” Governance: a much-needed transition

“Good governance”, in light of this World Bank report, made reference to the form and style but hardly to the scope, the targets and the substance, as well as beneficiaries of government actions or policies. The “exercise of power” but not its distribution or its effects and impact appeared to be a concern. Though elsewhere, the report acknowledged certain trends “toward less authoritarian modes of exercising power” (p. 13); even ventured to concede a role to civil society in policy dialogue (p. XVII), participatory approaches were nowhere laid out clearly or their specific nature and significance in governance duly explained.

Notwithstanding its numerous flaws, this approach to corporate governance survived for several years, virtually unchanged. Such was the hold and dominance that neo-liberal doctrines and the New Public Management – both new mostly in name – exerted during the nineties in large swaths of the globe, that any alternative viewpoint was summarily dismissed as passé or indeed obsolete (Hughes 1998:242). “Managerialist” and “technocratic” would be apt characterizations of this approach, whose appeal began to wane after the turn of the century, but only very slowly, until the ongoing crisis brought into sharp relief its many empty promises and numerous shortcomings.

In a telling illustration of these shortcomings, an evaluation report, issued barely weeks before the 2011 Tunisian uprising, was praising the country’s performance as one of the topmost in Africa (Jreisat 2013:207) Manifestly, in retrospect, “good governance” in Tunisia had not been “good enough” – or so the surge of protests appeared to indicate. The case of the Arab States which, repeatedly in the space of more than three decades, received warm accolades from donor institutions (Jreisat, op.cit.) casts doubt on the validity of approaches to “good governance”, from which the point of view and critical evaluation of a country’s foremost stakeholders – its citizens and residents – had been conspicuously absent; where pronouncements on performance represented an assessment of the donor community, chiefly. This was surely a limitation of the “good governance” narratives, which made their way into the world during the nineteen nineties, but still go strong in places. Priming the “principal agent” (i.e. the donor institution) over the beneficiaries in the developing countries, reduced assistance to charity and the recipient governments or peoples to secondary importance. Experience demonstrates that, motivated chiefly by the quest for quick results; outcomes that would be pleasing to the donors and corroborate their claims, such technocratic strategies produced high-sounding rhetoric and succeeded on the surface but often failed on substance.
For close to three decades “good governance” was foisted onto development narratives and mooted in debates on democratic practice as if both “people” and “governments” were no part of the equation. Indeed, for three decades, the State became the enemy; “big government” the problem. “Downsizing” or dismantling long-standing structures of government, shrinking the State, by dint of privatizing or of outsourcing its functions, appeared to be the remedy; an omnibus solution to all of society’s problems. In the process of so doing, very often disregarded were its manifold downsides, which have come back to haunt us (Koppell and Auer 2012: S27-S29). Also largely overlooked was the fact that capacity to govern (Dror 2001) and building such capacity, from 1930 onwards, offered the needed traction to overcome the crises, first of the Great Depression, then of the Second World War, and later to address and meet the pressing challenges of post-war reconstruction, as well as quadrupling the membership of the United Nations through the decolonization and development decades.

Home-grown ingrained capacity embedded in the system with institutional memory was often frittered away, in pursuit of quick downsizing, as countries put their faith in management consultants and the outsourcing of government tasks (The New York Times 2014:A18). Such sorely needed capacity proved to be in short supply when the Great Recession struck, in the Fall of 2008 and in 2009. Admittedly, capacity can be a two-edged sword. It has served oppressive regimes and some corrupt dictatorships. World-wide, examples abound. No one could seriously fault either Germany’s Third Reich or the Apartheid regime in my own country, South Africa, for … shortfalls in efficiency and effectiveness, though confusion frequently reigned in the ruthless pursuit of their goals. Their failings lay elsewhere, chiefly in the rule of law, respect for human rights and common human decency, which the world has come to expect of governments and public services; what democratic governance is all about (Mazower 2008; Webster and von Holdt 2005).

Still, neither past abuses, which have indeed occurred, nor the single-minded pursuit of downsizing at all costs provide justifications for dismantling the capacity that governments require to acquit themselves of their tasks. In several parts of the world, a patent capacity deficit, observable today in governance and government, has not expanded welfare, human rights or human freedom. Quite on the contrary, in all too many cases, it has presaged the growth of corruption, poverty, inequality, inequity and exclusion, as the frequent accompaniments of indifference or inaction by the State. One might be tempted to call it “good governance of sorts with barely any government” (Stanger 2009). “The devil take the hindmost” might be an apt description of what followed as a result. The hindmost, in most cases, have been the poor, the women, children, immigrants and minorities. In the name of pulling government out of the economic sphere, we have seen a return to practices,
which attended the beginnings of the industrial revolution: child labour and sweatshops, harassment and abuses, in what has been described as a “race to the bottom”. The avoidable tragic disaster which cost a thousand lives, mostly women and young girls in Bangladesh, offers an illustration, as well as telling insights into what was, in effect, a surrender of responsibility and the retreat of government, which opened the way to corruption.

To many people, surely, the ongoing Great Recession might appear as simply this: an economic downturn; an unfortunate business cycle, which is bound to self-correct a few months down the line. Be this as it may, we would be gravely in error were we to overlook the very important social and political ramifications which the crisis has exposed. At issue was and is a model of “good governance”, which its architects considered to be the way of the future for humankind at large. The model sought to separate politics from economics; entrust economic decisions to the forces of the markets and reduce the role of government to the establishment and maintenance of an “enabling framework” for private sector-led development and enterprise.

In practice, as we know, this duality or dichotomy has seldom worked satisfactorily. Politics and economics bump into each other frequently in the corridors of power. It needs to be remembered that it took a coup d’etat by General Pinochet and countless “desaparecidos” to introduce neo-liberalism and impose its model on Chile. A telling editorial in the Wall Street Journal, surprisingly, suggested that the “Egyptians would be lucky if the new ruling generals turn out to be in the mold of Chile’s Augusto Pinochet” (Dorfman 2013:6SR; Mazarr 2013:117). Nor can it be overlooked that, in the name of freedom, this neo-liberal experiment was conducted with advice from Professor Milton Friedman, disciple of von Hayek and foe of J. M. Keynes. The retreat of the State and the government, which the new model espoused, was not viewed as merely tactical; as a matter of degree. Underpinning this retreat one could detect a deep distrust of politics for one, and an equally misplaced and excessive trust in “experts” and the forces of the market, on the other.

Essentially “good governance”, the way it did play out during the eighties and nineties, came to be viewed as governance by technocrats. One should not be surprised by the outcomes. It is not casting aspersion on the role of experts to say that although it is pivotal, stakeholders and end-users must also have a say. Putting people back in the driver’s seat of governance does not, in any way, diminish the importance of experts or business stakeholders. Rather the intention is to work toward decisions that are “people-friendly” and balanced in the sense of “collecting all the voices”; of taking into account all of the people’s needs; heeding all aspirations and wishes of all the people concerned; not leaving out the “voiceless”, the poor and the vulnerable, as all too often happened.
4. Putting the People Back into the Process of Governance

Putting the people back; restoring the “people” and “government” to their rightful place, but also redefining the very concept of governance is, in the final analysis, what this new publication is all about. It took a major crisis, the deepest and most widespread, as well as longest-lasting in fully 85 years to bring to glaring light the fallacy of a doctrine which, to all intents and purposes, wanted them both excluded from processes in governance, except in formal ways. It was tantamount to saying that peoples and communities could not be trusted to rule or take care of the commons. The weight of three decades of trials and tribulations and the ongoing Great Recession point to the opposite direction. However sanitized with qualifiers like “good”, such forms of governance must accept a major share of the responsibility not merely for the crisis but for two pernicious outcomes, briefly touched upon already, whose untoward effects are not likely to fade away any time soon.

The first is an alarming growth of inequity, inequality, insecurity and injustice in society at large (Stiglitz 2012). In several parts of the world, this trend has been accompanied by the rise of unemployment, especially among the youth, and the marginalization of large segments of the population, mostly the very poor but also ethnic minorities, women and other groups. Our report explores this phenomenon in some detail. It discusses its manifestations in different parts of the world, with considerable evidence substantiating the extent and gravity of this phenomenon. The second global phenomenon, which also is hardly new, but has lately taken on truly disturbing proportions, is the surge of arbitrariness, power abuse and corruption (Caiden 2008). It has aptly given rise to a neologism: “kleptocracies”. This indicates the countries whose governments or leaders have, to all intents and purposes, embraced corruption as a way of life and as their way of doing business. Like inequity and injustice or exclusion and marginalization, corruption assumes a wide variety of forms, as well as degrees of intensity. Our report explores this malady which, if left untreated, not only risks compounding the symptoms of inequality, insecurity and exclusion, where they occur, but may also undermine the very legitimacy, credibility and effectiveness of democratic governance and democracy itself.

The report is the latest in a series which began in 2005. Four volumes in this series are already in print. Collectively, they serve the pressing objective of seeking to reposition the debate on democratic governance, public administration, the values and the virtues of public service professionalism, and the essential role of the State in promoting people’s welfare, as well as in combating poverty and exploitation in all their manifestations (De Vries and
It hardly needs emphasizing that, without a body of citizens duly enabled through education and empowered to participate in the processes of governance, there can be no democracy; no democratic governance. What we ought to emphasize, however, is the fact that, in democracies, the people and the citizens are not merely passive recipients or simply beneficiaries of state-provided services. On the contrary, they must be intensely engaged in every phase and stage of decision-making processes – from the inception of programmes and policies to their implementation and final evaluation. This is precisely where the concept of empowerment takes on particular salience.

Empowerment of the citizens and residents and their inclusion form an important part of what capacity-building is all about. Needless to add, however that, in this day and age, the scale and the complexity of government activities make steep demands on governance. Such claims cannot be met without the requisite inputs of solid expertise, state-of-the-art technology, information, knowledge and skill. To escape the Scylla of populism and the Charybdis of technocracy, which have been much in evidence during the past decades, democratic governance must be able to depend on competent professionals and solid institutions.

Both are very much required not merely to enable the government departments to carry out their functions efficiently and effectively but equally to instill, throughout the public sphere, the values of integrity, trustworthiness, transparency, responsiveness and accountability, without which governance processes soon lose all credibility and legitimation. Though this might sound “Pollyannish”, it is no exaggeration to say that a signal lack of integrity and moderation, transparency and accountability, far more than inefficiency in economic terms, account for the malaise, which lately cast a shadow on both government and governance.

Combining these two elements of the needed human agency: a truly empowered demos with a body of true professionals and building the institutions where people and the government can cooperate effectively may be the steepest challenge but also a pressing need that democratic governance ought to address world-wide.

References


**Endnote**

Arguably most egregious in this pattern and this trend were the practices revealed in the long-delayed report of the US Senate Intelligence Committee that was issued on Tuesday, 9 December 2014 (*The New York Times* 2014: A15, 16 & 18). In a pointed editorial, *The New York Times* made reference to “A Record of Torture and Lies”. Especially noteworthy
was the Agency’s decision to hire outside contractors “to develop, operate and assess” the interrogation programmes. Though lacking “specialized knowledge”, “the contractors received $81 million prior to the contract’s termination in 2009” (p A34). Manifestly, recourse to “outsourcing” must have been considered both proper and helpful in this context. Exemplifying the mindset that produced this set of practices was a senior official’s remark “… in a spirited … appearance …” on NBC … “I would do it again in a minute”, this official argued, saying that all that really mattered were the results: the fact that the goals had been met (*The New York Times* 2014: A1 & A10).