

6th Global Forum on Reinventing Government
Towards Participatory and Transparent Governance
24 – 27 May 2005, Seoul, Republic of Korea

**REINVENTING GOVERNMENT:
PUTTING DEMOCRACY AND SOCIAL JUSTICE
BACK INTO THE DISCOURSE**

Gowher Rizvi

April 2005

The views expressed in this paper are those of the author and do not necessarily represent those of the United Nations or its Member States.

Introduction

The discourse on reinventing government has largely focused on the re-conceptualization of government – to redefine the role of government in the governance of society; to make governance more effective; and to harness technology to deliver better governance at a lower cost. In the last quarter of a century, since the movement for the reinvention of government began, we have moved away from the concept of government to governance and we have witnessed some spectacular changes that have done much to make government more effective, transparent, and innovative. However, the discourse on new governance is somewhat limited and does not adequately address the concerns of developing societies. A large part of the impetus for the reinvention of government has come from developed countries with mature democracies, and hence it has taken for granted the existence of strong and established democratic institutions and processes. And because the debate mainly focuses on efficiency, on the reduction of the cost of governance, and more generally on whittling down the all embracing role of the government, not enough attention has been paid to strengthening democracy – in fact it might have contributed to the weakening of democratic processes and especially democratic accountability. The zeal for the pursuit of efficiency through the adoption of market place practices appears to have become an end in itself, thereby obscuring the very purpose of good governance and the centrality of the role of the government as the guarantor of social justice.

In this essay, we will outline the compulsions for reinventing government, critically examine the concept and practice of ‘reinvented governance’, and argue that the emphasis on efficiency and cost reduction, while welcome and highly desirable but without adequate safeguard for democratic accountability and social justice, defeats its purpose. Second, I will argue that the relevance and applicability of ‘reinvented government’ in developing countries is limited. It has two major shortcomings. The existence of effective democratic institutions and the rule of law are taken for granted by the authors and advocates of reinvented government. For the movement to reinvent governments in developing society to succeed would require that it goes hand in hand with strengthening democratic institutions and processes. Third, and perhaps most importantly, the overt and often uncritical enthusiasm for market based reform of the government has weakened democratic accountability and in the process may have cast aside a central concern of the government as the guarantor of social justice. Democracy is not only valuable in itself but also has the best potentials for advancing human welfare, development, social justice, and for distributing the benefits of development. An explicit effort to ensure that the marginalized and historically disadvantaged groups are not excluded from the purview of the government must remain integral to any government reform.

The central thesis of this paper is that for the concepts and principles of reinvented government to be meaningfully transposed to developing societies this will require making democratic governance, political processes, and institutions more effective; the constitutional, institutional, and structural arrangements will have to be modified to enable more effective participation by all citizens in diverse conditions, especially in plural societies; and most importantly, it must ensure that the concern for social justice remains at the core of the government.

The paper is organized into five sections. The first section sets out the scene and describes the compulsion, both systemic and political, behind the movement for the reinvention of government (from laissez faire to welfare to tri-sector governance). In section two, we describe what is meant by the re-conceptualization of government and identify the principal characteristics and mechanism of 'new governance'. This is followed by stock taking of the new paradigm, exploring some of its weaknesses, and questioning its applicability to the circumstances of the developing societies. And in section four, we examine the structural and institutional weaknesses of democratic governance in developing societies; we reflect on the critical dilemma of tempering majority rule with the accommodation of minority concerns in plural and divided societies; and finally, we argue why an effectively functioning democracy is not only the best route to economic development but also the only way of ensuring a socially just and equitable distribution of state resources and opportunities

I. Setting the Scene: Reinventing Government

The skepticism about democratic governments is being manifested in a variety of ways in both developed and developing societies. More and more people do not trust their governments which are viewed as synonymous with corruption, cronyism, and misrule. Governments no longer attract the best, the most talented, or the most idealistic people and many government departments are finding it difficult to recruit trained and competent staff. Meanwhile, those already in the government often feel disillusioned, cynical, and frequently like they are just marking time. A more telling evidence of declining public confidence in government is reflected by the dwindling numbers of citizens who turn up to vote both in developed and developing countries. Corruption, mismanagement, and patent breach of faith by the public leaders is so commonplace that it ceases to outrage citizens.

Some of these criticisms may not be entirely true or are exaggerated, but the fact remains that there is a widespread disillusionment with government and that many of the criticisms are not always without good cause. Some of these dissatisfactions relate to the very fundamentals of democratic government itself. Others arise from government's inability to adapt to compelling changes taking place globally that impact on the very nature and character of the state and the government. For democratic government to survive and to retain its universal appeal, it must revitalize and adapt. The real challenge for us in the twenty first century is how to secure the future of democracy by making governments effective and responsive to the needs of the citizens. Equally important is the challenge to adapt democratic institutions to meet the specific needs of the diverse societies. In other words, democratic constitutions, institutions, and political processes

cannot be simply transferred from one society and culture to another. Rather it has to be adapted to suit the special circumstances of a particular society. It will call for careful nurturing of democratic institutions, a fresh vision, and a renewed commitment to social justice as the core mandate of the government. Tinkering at the edges will not suffice.

Government has been criticized from both the left and right of the political spectrum. The left claims that the democratic process was distorted by special interest groups and corporate campaign financiers. The gradual but persistent roll back of the welfare state, the onslaught on affirmative action and the entitlement program, and the influence of campaign finance in distorting the outcome of the election results and unduly influencing policies has confirmed for many that government is co-opted by the wealthy and the special interest groups. It was not lost to those on the left that in the last two decades of the 20th century there was the largest economic expansion in the history of the West, but the benefits of that opulence barely accrued to the poor. According to Anuradha Mittal of the Oakland Institute, 45 million people (or 17 percent) of the American population are living below the poverty line. She writes:

“The top 2.7 million people [in the US] have as much income as the bottom 100 million. In other words, the richest 1 percent of Americans is projected to have as much income as the bottom 38 percent. Wealth is even more concentrated, with the wealthiest 1 percent of the households owning nearly 40 percent of the nation’s wealth. The bottom 80 percent own just 16 percent of the nation’s wealth. To further widen this inequality, CEOs of U.S. corporations pocketed 419 times the average wage of a blue collar worker in 1998.”

In fact, the polarization between the rich and the poor has not only become wider but also the poor have been further impoverished. The faith of the liberals in the government’s role as the guarantor of social justice was badly shaken.

The conservatives, on the other hand, have always been suspicious of government and have consistently argued for minimal government involvement. President Ronald Reagan’s slogan that “the problem of the government is the government itself” resonated with all those who worried about the excessive reach of the government. Earlier, Prime Minister Margaret Thatcher, borrowing from Gladstone, had powerfully articulated a similar feeling: “Government that governs least governs best.” The collapse of communism and the failure of socialism and planned economy in the former Soviet Union and Eastern Europe gave teeth those who argued that governments should get out of running industries and make way for the market to provide many of the services that were habitually performed by the government.

To the question of more effective use of tax money, the conservatives also added a powerful ideological concern. They are not only distrustful of government but also fear that government is using their authority to stifle individual freedom and entrepreneurship for the benefit of those groups who do not contribute to the making of national wealth. They particularly object to the role of the government as the guarantor of social justice, and they do not consider that the government is responsible for redistributing wealth.

The also conservatives accused the government of using progressive taxation as a means of redistributing wealth. To them, the invisible hand of the free market is the most efficient allocator of resources and therefore the government should not interfere.

Although for different reasons, both the right and the left combined in their criticism of the escalating cost of the government. The ever bloating bureaucracy had gone out of control and was using a large proportion of the tax revenue to keep itself in place. In the three decades after the Second World War, taxation increased significantly, primarily to rebuild the war-shattered economy but also to create a welfare state so as 'to build a home fit for heroes' returning from World War II. However, in the last quarter of the century there has been a popular revolt against high levels of taxation. Taxation has become a dirty word in the electioneering lexicon where a party lessens its chance of winning an election by proposing higher taxes. While both wanted to reign in the runaway cost of government administration, there was no consensus on where the cuts would be imposed. The right attacked the spending on welfare and demanded a reduction in the taxes; while the left, generally opposed tax hikes, did not at the same time want cuts that would risk the welfare state.

Since the 1980s, politicians of all shades have been averse to raising taxes. While Reagan aggressively cut back taxes, he was astute enough not to attack the welfare programs frontally for fear that he would lose some of his electoral support. Instead, he pushed the government into huge budgetary deficits. He shrewdly understood that no future government –conservative or liberal - would roll back the tax concessions he had made without damaging its electoral prospects. Twelve years later, when the Republicans left the White House, the budgetary deficit had become quite unsustainable. Faced with a bankrupt government, the Democrats were forced to make deep inroads into cutting back many of the welfare programs. The conservatives killed two birds with one stone; they not only fulfilled their promise of reducing the tax (albeit mostly for the wealthy) but also, by leaving behind a depleted treasury, obliquely advanced their other goals of dismantling the welfare programs and 'small government.' The hapless liberals, while protective of the welfare state, were caught in a dilemma. They denounced tax reductions as subsidies for the wealthy; but they also realized that higher taxation would be unacceptable to the electorate. It was clear that in part the onslaught against the state was motivated by an ideological predilection which, at its most extreme, would replace the state with the market. The natural corollary of this was that the role of the government as the guarantor and protector of social justice would be whittled away in the new dispensation.

The dilemma for the government was real: how to provide better and more extensive services with diminished resources. For the government to be able to continue its function and regain its legitimacy it would have to rethink its role, be innovative, and find new, flexible, and alternative ways of doing business. However, that is not easy. Governments are, by and large, averse to change and normally content with the status quo. Change and innovation are not usually a part of governments' vocabulary.

The very tradition of government is in some ways against innovations. The most important concern of those involved in public management reform has been to curb the discretionary powers of public officials. Governments in most countries invariably control the largest public resources and unless constrained by laws and procedures there is nothing to prevent wanton greed, avarice, nepotism, and corruption. Preventing public officials from abusing their power has long been the primary concern of those working in the field of public management. The insistence of the public sector reformers to define precise rules for the disbursement of public funds and for appointments, transfers, promotions, entitlements etc. might have kept avarice and nepotism at bay but it stifled initiative, creativity, and plain common sense. In such a situation, the bureaucracy becomes an end itself and, when playing by the rules of the book, becomes a virtue. Officials who obfuscate behind red tape epitomize the best in the government; and those that take initiatives and risk to bring about changes are penalized. Many public servants forgot the very purpose for which they were being paid by the tax payers. The loss of public service ethos was the death of public service itself. Not surprisingly, governments have become bureaucratic, outmoded, inefficient, irresponsible, rigid, bloated, and wasteful; and citizens, despite their differing political predilections, love to hate the bureaucracy.

While criticism of government is largely justified, this should not lead us to conclude that government or the state has become obsolete and is doomed to be replaced by other institutions and structures. Government is, and will remain, central to society. An efficient, effective, and democratic government is the best guarantor of social justice and an orderly society. The expectation of the demise of the government is not just premature but is also mistaken and misplaced. The discussion about the 'reinvention' or the re-conceptualization of government is about better and more effective governance of our society. It is obvious that if the government is to regain popular trust and proactively advance social justice, it must become smarter, flexible, and innovative. We have to rethink the whole concept of governance and revisit the societal vision of the role of government. We must break out of our old mould of thinking and develop a new paradigm for governance.

II. Breaking out of the Intellectual Straight Jacket: from Government to Governance

By the 1980s, the crisis of governance had come to a head and forced urgency in the debate about the need for re-conceptualization and reinvention of the role of government. Reinventing government implies both certain fundamental shifts in our conception of the character and the role of the state and the government; it also refers to a set of operational changes which is essential to move from the old to the new. Before we examine the main components of 're-inventing government,' let me summarize some of the conceptual reformulations which have enabled us to view the role of the government in new ways.

First, and perhaps the most important factor, is the recognition that 'government' and 'governance' are fundamentally different. This simple recognition has helped shake us out of the intellectual straight jacket and alters the parameters of our discourse. We now agree that governance is not the exclusive preserve of the government, nor even that of

inter-governmental organizations. Governance of a society takes on a larger role than the government. Governance consists of both the processes, rules, and the institutions that enable the collective affairs of the society to be managed and controlled. At its broadest, governance includes the totality of all societal institutions – governmental and non-governmental – including, but not limited to, the market, the non-governmental organization (NGO), private and commercial firms working for profit, the networks and associations, the trade unions, social movements, and advocacy and pressure groups. These organizations all function within the laws laid down by the government, sometimes in collaboration with, at other times independent of the government, and occasionally even against the government. The pre-eminence of government cannot be challenged. Only the government can act with legitimate authority, can exercise coercive powers, and can create formal obligations for its citizens. But regardless of the numerous parts that form an established government, the idea of governance is larger in both scope and in function.

In retrospect, it might be argued that what has been described by the scholars as a radical re-conceptualization of the role, scope, and function of the government already began to happen long before the academics and reformers picked up on the idea. Two compelling factors forced many of the functions of the government to be transferred into the nongovernmental agencies – the church, the civil society, the organizations, and the market.

In the first place, governments faced with budgetary constraints cut out many of their social services (often referred to as ‘entitlement programs’ in the USA) or devolved the responsibilities for these programs to state and local governments. Local governments were scarcely in any better position to meet these unfunded mandates and increasingly looked to the church or voluntary organizations to take on the added responsibilities. Developing countries faced even more dire circumstances. In the three decades starting in the late 1950s, military regimes overthrew elected civil governments and usurped power in many countries. Lacking popular legitimacy, the military attempted to bolster its support by creating cliental regimes in which they tried to buy off powerful groups, mostly in urban areas, through elaborate patronage networks. With the bulk of the revenue committed to supporting political patronage and to keeping the military happy, these military regimes were compelled to abdicate much of their responsibilities to citizens, especially to poor and marginalized citizens of rural areas. Many of the functions and services that governments were expected to perform – such as providing education, basic health, drinking water, and sanitation – were either neglected or defaulted to charitable and voluntary organizations. In many countries, the authority of the government was scarcely visible outside the urban areas. The neglect of the countryside was further reinforced by large inflows of development assistance and soft loans. This had two unintended consequences. First, the authoritarian rulers used foreign aid to share their ‘client’ regime; and second, they were freed from raising taxes. Under these circumstances, the city elite monopolized the benefits of development and left the poor and the marginalized groups to fend for themselves. The non-governmental organizations and charitable institutions filled in the vacuum created by the abdication of government responsibilities, a reaction often in opposition to the government. Despite their failure to deliver services, the government often viewed voluntary organizations as intruders funded by foreign agencies or governments. However, tri-sectoral governance

took shape before the new governance paradigm was developed. The academic reformulation was largely a recognition and refinement of reality.

Second, governments are moving away from being operational agencies to regulatory authorities. Most governments now recognize, albeit in varying degrees, that the appropriate role of the state is to regulate, to facilitate, and to create an enabling environment that fosters development and empowers citizens while not stifling initiative or enterprise. Citizens retain the power to manage and to shape their own communities. While the conceptual recognition is clear and logical, the practical application is more difficult. Government officials have for generations, especially in developing countries, been trained to rule, to deliver service, and to run industries and banks. Understandably, they have difficulty making an intellectual paradigm shift, giving the impression that a loss of power and patronage is something to be resisted. In addition, many societies do not have either the depth or the capacity in the civil society nor do they have the effective market institutions to perform the functions, which under the new governance paradigm would legitimately be transferred to them. There are many areas, especially in infrastructure building and capital intensive projects, where the private sector did not show much interest in the early years. Few entrepreneurs were willing to make long term investment in the infrastructure or in enterprises where returns were not guaranteed. Many of the state-owned enterprises are not commercially viable and the private sector is unwilling to buy them even when the state wants to sell them. Closing these enterprises is often not a viable option, especially in the absence of a social safety net, because it creates widespread unemployment, worker distress, and social upheaval. Additionally, there is concern against the privatization of public assets due to the legitimate fear that governments are often corrupt and use the sale of these assets to reward their supporters and allies. Since the rationale for privatizing state enterprise is to make them more competitive and to reduce the drain on the public treasury, there may be other ways of reaching the same objective. In China, the government retains the ownership of some state enterprises but has cut off the state subsidies and given them the autonomy to compete in the market. In India, the government built a large number of hotels and holiday resorts at a time when private investors were not forthcoming; but now, faced with domestic and international hotel competition, India decided not to privatize but rather to franchise its facilities to private operators in order to make a profit.

Many, but not all, of the traditional functions that governments have historically performed can now be left to the market and the civil society. However, neither the market nor the civil society can be substituted for the government; and depending of the specific circumstances of a society, the government will have to continue providing services and producing goods that only they can undertake. Privatization is a means to an end, not an end itself. Its purpose is to deliver better services to the citizens while reducing the burden on government treasuries subsidizing state enterprise. Privatization should not measure the success of government reform.

The government needs to constantly explore the best means to achieve its goal. However, there has emerged a broad societal consensus that the orderly and effective governance of our society requires a multi-sectoral approach in which the government, the market, and the civil society each perform different roles, sometimes independently of each other,

some times in support of each other, and sometimes even in opposition to each other. Governance is a tripartite and shared endeavor in which each sector has its own comparative advantages and fulfills roles that are most appropriate to it. In this multi-sector governance, each sector specializes in what it does best without detracting from the government's role as the guarantor of social justice. Government is only one part in a tripartite structure responsible for the ordering of society. Governments control large resources and expertise, but invariably these are never enough to meet all the needs and demands of the citizens. Public problems are best solved through collaborative governance by bringing together the resources and expertise of the different segments of the society to address a common public issue. Many governments have involved the private and non-profit sector in governance. The OECD calls this "distributed public governance." Here governance is "co-produced," a product of joint public and private efforts. An example of collaboration between public and private efforts is described below in Box 1:

Community Empowerment for Mangrove Conservation in Gowater Bay Iran

Local authorities in the Gowater Bay area began to recognize that the population of people living in close proximity to the mangrove forests was the most marginalized local group and were suffering from poverty, illiteracy, and poor public health. Moreover, the delicate ecosystem created by the mangrove forests had begun to be disturbed by the unsustainable practices of villagers and industry alike.

In collaboration with Green Front of Iran, an environmental non-profit organization, the Gowater City Council implemented a rigorous review of local needs through surveys and interviews, created objectives from the citizen feedback, and then proceeded to form community task forces that were charged with creating innovative service delivery plans. The information gathered by city officials and their civil society partners revealed that the local population understood its own needs and were cognizant of the mangrove forest's volatility. Therefore, a series of small projects were launched by groups of community members. Among those grassroots projects was the building of a health care unit, the building of an elementary school, the registration of more than 60 local girls for school, the initiating of literacy classes for adults, and the construction of a library that can also be used as a community meeting space.

The local government's commitment to community empowerment is two-fold: first, villagers were able to voice their own needs and local concerns; and second, they were provided with the tools they needed to improve their living standards. By giving the Gowater community the attention and material support it needed, the local government made itself accountable to its constituency by transforming them into stakeholders in their development activities.

Source: UN Habitat, Best Practices Database, 2004 Submission, (www.unhabitat.org)

Fourth, the governments as well as the corporate and the civil sectors have all recognized that society is complex and the problems confronting society calls for a more concerted and integrated approach. No sector or agency of the government has all the capabilities or expertise to solve problems. Increasingly, governments have learned to build networks of capacities in which the combined resources and expertise of many agencies (governmental and non-governmental) and individuals are brought together to address a particular public problem. This has come to be known as the 'network of capacities' or 'networked governance.'

The acknowledgement that public problems are best solved by combining societal effort has transformed our views of how society is governed. This has opened up enormous new possibilities and opportunities. In the last two decades, there have been numerous innovations in governance which has not only made governments more effective but also more citizen-centric. We have seen that the re-conceptualization of government has enabled us to govern in ways very different from the past. Governance is no longer a top-down execution of the government fiat. It is both diffused while at the same time focused and integrated from the perspective of the citizens and service users. Governance is produced collaboratively by the pooling of resources, personnel, and capacities. The old style silo, such as bureaucratic structures, no longer fits the needs of societies and is being replaced by an interlinked network of agencies within the government and often connected beyond that to civil society organizations and the market. We have learned from Professor Lawrence Lessig that governance is facilitated through law, norm, markets, and architecture. In the new governance, all these mechanisms have been used and do not have any rigid or overriding characteristics. We now turn to examining the principal characteristics of new governance.

Reinventing government involves six broad strategies or elements. I will now briefly turn to these and cite some of the best innovations drawn from different parts of the world, both developed and developing.

The search for better governance was driven primarily by the pursuit of a concern that governments were ineffective, expensive, inflexible, and insufficiently responsive to the needs of citizens. The threat of government bankruptcy and the resulting need for retrenchment caused the accelerated the pace for reinventing government. This was facilitated by the timely development and harnessing of information communication technology (ICT). The private sector has long used ICT both to enhance productivity and to reduce costs, but neither cost cutting nor adoption of new technology is easy in the government. In the first place, government agencies do not have the resources, especially in developing societies, to incorporate technologies. The introduction of technology has been piece-meal and slow; and it has not been easy in societies where the availability of funds for technological change is minimal. Governments cater to all citizens and in most countries vast majorities of the people are not yet wired to the internet. Hence, the governments have to maintain - at least for the interim period – both the traditional methods of facilitation and the progressive ICT options for delivering government services. Unlike the private sector, governments have been unable to affect costs through a reduction of staff because of more stringent labor laws and strong union pressures. Finally, governments have been hamstrung by concerns over security and privacy. The state of technology continues to evolve and it is still far from secure. For example, the verification of electronic signature is still in the early phase and necessary legislations for use of electronic signatures are still absent.

But despite all these impediments, governments have, in varying degrees, enthusiastically responded to the adoption of ICT in both bringing the government to the people and in cutting the costs and time frame of service delivery. Two decades ago only a handful of governments offered services via the internet. Today there is scarcely a government that does not have some form of internet connectivity to service delivery. At the bottom of

the spectrum are the governments who merely dish out information via the internet while actual services continue to be operated using old methods. There are others in between who offer facilities for downloading applications and information via the internet thereby saving citizens multiple visits to the government office; but actual transactions are still done physically over the counter. Finally, in technologically advanced societies, citizens conduct most of their transactions on line. Democratic governments have long promised to make government accessible to the people (rather than people having to come to the government) and the introduction of ICT promises to make the realization of that goal a distinct possibility. Please see BOX # 2 below for an example of an ICT program implemented by the government in Naga City, Philippines:

**i-Government
Naga City, Philippines**

The mayor of Naga City, Jesse Robredo, fostered government transparency in 2001 when he launched the “i-Government” program. The government embraced an electronic approach to governance as a method of engaging citizens in facilitating public services and to increase general access to information. The program is based on four principles: inclusiveness, informational openness, interactive engagement, and innovative management. The central component of the system is *Naga.gov* which makes city information open to citizens and visitors. *NetServe* is a space on *Naga.gov* where all city services are catalogued, government officials and contact info is listed, the annual budget is posted, response times on service requests are detailed, and city ordinances are outlined. *TextServe* capitalizes on cell phone use by allowing citizens to text message questions and feedback on government performance for a small cost. The initiation of the “i-Government” program has successfully increased government transparency, better streamlined the delivery of public services, increased access to vital government information, and improved communication between citizens and elected officials.

ICT has also made possible the realization of other desirable objectives. First, there is greater pressure on the governments to become more transparent and ICT provides an easy way of doing that. More and more governments are making information, accounts, White Papers, government reports, and parliamentary discussion available online for citizens to keep informed. In Scandinavian countries, the governments post the expense reports of the elected officials for public scrutiny. In India, ICT has provided an unintended but easy way of exposing government corruption. In what is now famously known as the ‘Tehelka tapes,’ some politicians were caught red handed taking bribes and thereby empowered citizens to enforce accountability in the government. The ICT is also being used imaginatively and constructively to involve the citizens in government discourse.* In Britain and Canada, the governments have used ICT to involve and gauge citizen reactions to proposed legislations and comments on White Papers. On the other side, citizens have set up websites to inform and mobilize public opinion on specific issues and successfully brought pressures on governments to modify their policies. The most dramatic instance of ICT being used for social mobilization has been seen in the civil society campaign against the excesses of globalization.

ICT makes it possible for both governments and citizens to engage each other, and to introduce transparency and accountability in governments, thus giving citizens the ability to participate in ways which make representative democracies more effective and accessible. It is also helping to break the monopoly of news media and cable networks by giving citizens alternative mechanism for keeping themselves informed. The so-called 'bloggers' on the internet are often a better source of citizen information than the propaganda and 'spin' coming from the privately owned media conglomerate. The ICT may yet make freedom of press a reality rather than the current freedom of the owners of the media.

The application of ICT and the dramatic reduction in the cost of telephone service and transfer of electronic data is also reducing the cost of government operation in the long run. At a minimum, it has helped to cut the time of operation and service delivery, thereby greatly enhancing productivity. There are numerous other ways in which the cost of government is reduced.

The government is making its rules much more flexible and less cumbersome. For example, Vice President Al Gore, in his effort to reinvent government, eliminated thousands of pages of government regulations which unnecessarily clogged the function of the government and gave officials more flexibility, initiative, and capacity to focus on delivering services to the citizens rather spending huge amount time in merely ensuring compliance with set procedures. The government is slowly importing from the private sector innovative concepts such as productivity, performance based budgeting, cost accounting, and flexible budget accounts thus allowing the agencies to rollover and retain savings from one fiscal year to another. Like their counterparts in the private sector, government managers have adopted the practice of setting goals and targets. The powers of the treasury and finance departments to micromanage have been trimmed; the audit rules have been changed to allow the shifting of money between accounts and budget lines thus freeing departments to work more flexibly to achieve their departmental goals. For example, in Singapore, a department is allowed to borrow up to 10 percent from its budget allocation for the following year in order to facilitate present restructuring costs. A system of rewards and recognition gives incentives to save through innovation. Citizens in many countries have been given a greater say in the decision of budgetary allocations ensuring that government priorities are relatively in line with citizens' preferences.

The availability of ICT plays a key role in cutting the cost of government and increasing access to the people; but it is arguable whether operationalizing many of the ideas and approaches of new governance could have occurred without the availability of the internet. It is inconceivable that the idea of governance by networking the capacities of different agencies – governmental and non-governmental – would have been possible without ICT. Perhaps this also explains why many developing countries lag behind because of their inability to harness technology for governance.

The access to technology and more flexible rules of government audits and procedure are important, but in themselves they are insufficient in making governments cost effective and responsive to citizen needs. It is no exaggeration to suggest that new governance will not succeed without a first rate civil service sector and a well established rule of law; however, creating and retaining an effective civil service sector is not easy. With the enormous expansion of the private and non-profit sector, both as a result of an expanding economy and also because many of the functions of the government have devolved on them, governments find it difficult to recruit competent staff. The government and the private sector compete for the same pool of talent; and often the governments are handicapped by their inability to offer as competitive a compensation package as the market. Additionally, the erosion of the government's prestige has made recruitment even more problematic. Life time tenure of civil servants with guaranteed promotions and increments based on seniority is being replaced by a more flexible service with competitive salaries, bonuses, and performance contracts. Governments are moving away from 'generalists' to 'specialists' in order to meet the technical complexities of the job and allowing for short term contracts and lateral entries to bring fresh talent from the private sector. But, most importantly, the governments have begun to separate the policy making functions of the government from that of its implementation – the 'steering' function from that of 'rowing' functions as David Osborne picturesquely describes.

More and more functions of implementing government policies and delivering services are separated from policy makers and are being transferred to separate, often autonomous agencies, known as 'Next Step Agencies' in the UK. In New Zealand, such demarcation has perhaps been carried the furthest. Here even research and advice to the government have to be competitively bid for by government departments and outside organizations. What this does is not only make government cost effective by reducing its large staff overhead but it also leaves the government to get on with its core function of policy making and regulation of society. While this is a welcome step forward, such delegated governance requires effective compliance and a thriving culture of the rule of law. In societies where legal institutions are either weak or nontransparent, this could open up large possibilities of corruption and mismanagement. The 'contracting out' or 'outsourcing' of government functions depends heavily both upon the government's ability to define clearly and transparently the performance outcomes and upon mechanisms for measuring the success of the outcomes. Implicit in this is also that government leaders must have a clear vision of what they are seeking to accomplish and how each contract fits into the accomplishment of that goal.

The most important characteristic of reinvented government is that it is citizen-centric – the recognition that governments exist to serve citizens has in fact driven the search for the new governance paradigm. As the sphere of government activities expanded over the years, public servants became more like masters and rulers; and as the bureaucracy acquired a virtual monopoly of delivering services, a preoccupation with compliance to rules made the system actively inefficient and receptively indifferent to citizen concerns. The ethos of civil service was distorted if not dead, and service was delivered in a manner determined by the convenience of the government rather than based on citizens' wishes

or preferences. As stated earlier, the citizens were alienated and lost their confidence in their government. The delivery of quality government or citizen-centric governance lies at the core of reinvented government; its core is intended to focus the government citizens' needs. The reinvented government, as Professor Elaine Kamark pointed out:

“... includes citizen-demanded reforms and programs, governments enabling citizens to shape bureaucratic organization and behavior; setting standards of services that citizens can legitimately expect; measure performance and issue report cards on performance of government agencies and utilities; build a customer-oriented culture in public services; offer incentives for accomplishment of quality standards, and perhaps the best known of all is the ‘one stop’ shops.”

The delivery of better and more efficient service to the citizens has, in many ways, become the test of government's ability to regain its legitimacy and the trust of citizens. In our discussion on ICT, we saw how governments are endeavoring to bring the government to the people and to better listen to the citizens needs. Much of the government effort centers on providing what is commonly referred to as quality government and is measured through adherence to the International Standard Organization (ISO) benchmark. This idea was pioneered in Britain where the government introduced Citizens Charter in which it laid out clear promises of the quality of services that citizens could expect and spelled out the mechanisms for citizen redress should the government fail to deliver on its promises. The Charter, which has gone through a number of iterations, laid down standards for public transports, health services, standards for education, and virtually every thing that affect the daily life of a citizen. Each commitment is explicitly defined, easily quantifiable, and measured. Each agency responsible for delivering the services has to report to the parliament through its parent ministries. The ministers and civil servants are held responsible for failure to meet the standards. This idea has been immensely successful and has been tried in different parts of the world. In the prevalent market culture in the United States, citizens are seen akin to a customer in the private sector. The government has defined the standard of ‘customer service’ and laid out elaborate mechanism to ensure its compliance. Countries as far apart as Ireland, Brazil, Mexico, India, New Zealand, and South Africa have all developed their own indigenous schemes with the same primary aim of delivering better services to citizens. In India, where compliance is weak, the government agreed to penalize departments for failing to meet standards by offering cash compensation to citizens not receiving timely services. Civil society organizations in many countries are monitoring service delivery and frequently have brought court action to hold the government accountable. Please see BOX # 3 for an example on keeping governments accountable.

**SETRAMUN – Municipal Transparency Evaluation System
Mexico**

In 2001, the Mexican Secretariat of Administrative Development launched SETRAMUN in the effort to curb high rates of government corruption. SETRAMUN is a transparency rating index system that aims to make known the extent to which certain branches of government are open, fair, and virtuous. The goal of the transparency index is to stimulate a positive reaction in government agencies by urging them to strive for better performances and marks. SETRAMUN targets programs and agencies that appear susceptible to corruption—those that have negative reputations among the public. The evaluation system takes into account good and bad government behavior regarding programs, projects, and future plans at three bureaucratic levels: federal, state, and municipal. The initiative focuses its evaluation and subsequent reforms on three different points: 1) Citizen Information, 2) Spaces of Government-Society Communication, and 3) Attention to Citizen Demands.

In the Citizen Information rubric, SETRAMUN reviews the quality and quantity of information available to citizens regarding rules, regulations, public works projects, budget, and financial matters. In evaluating Spaces of Government-Society Communication, SETRAMUN rates and promotes the opportunities provided for public input on agency activities, local meetings, dialogue, committees, and openness of government sessions. In determining an agency's performance regarding Attention to Citizens, SETRAMUN looks into procedures established to process complaints, proposals, advice, petitions, and accessibility to a public service manuals that details a citizens' means of holding government accountable. To date, SETRAMUN has been successful in holding the government accountable for its branches.

The role of the government, although transformed, has not become obsolete. We have already noted important changes in the nature and character of states and governments. Many of the functions that have been traditionally provided by the government can now be left to the market or private entrepreneurs. While we have argued that social justice and the economic well-being of the citizens still remains an important responsibility of the government (economic liberalization now the accepted orthodoxy), the role of the governments in managing the economic life of their citizens has diminished. The governments are moving away from being operators and managers of the economy to being facilitators and regulators. The old style operational government is replaced by one whose role is essentially to create an enabling environment to facilitate the free functioning of the market.

The transition from an operational to a regulatory state is often not easy for developing societies where the importance of regulatory reform is not fully understood. Even though the governments have 'privatized' and opened large areas of the economy including banking, insurance, energy, commercial aviation, and some of the public utilities to the market, bureaucrats have been unable to shake off their old mindset. For example, in India, while textile, banking, and insurance have now been 'de-regulated', the ministries earlier responsible for managing these sectors remain intact and according to some estimates the size of the bureaucracy has actually increased! Similarly, the creation of 'one window clearance' to facilitate rapid approval of private investment has not streamlined the investment process since the individual ministries refuse to give up their powers of vetting and approving the proposal. However, the truth is that both changing the bureaucratic culture and transitioning to new governance will take time. In fact creating a regulatory regime and structure that is honest, reliable, uncomplicated, and at the same time rigorously enforced is perhaps the greatest challenge for governments. Again the task is complicated by the fact that for a regulatory regime to work effectively, an essential precondition is a sound judiciary and the rule of law – neither of which can be taken for granted in developing countries. We also have to be careful that the

regulatory regime does not become more burdensome or expensive than the old fashioned operational state that it is intended to replace. Cumbersome and intrusive regulatory systems push the cost of compliance away from the government (hence invisible to publicly audited budgets) to the producer and ultimately the consumer. A badly designed regulator regime will smother entrepreneurship, encouraging corruption as some businesses bribe public officials to circumvent or evade regulatory compliance. It encourages a black economy in which the exchequer loses tax revenue, and perhaps most important of all, with the absence of legal property rights the poor are unable to accumulate capital or to provide for the intergenerational transfer of property. The regulatory regime must be simple, transparent, and capable of being easily enforced.

Government corruption is probably the single biggest factor hindering the efforts to eliminate poverty in the developing world. It is not only morally reprehensible and socially corrosive but also hinders development and perpetuates poverty. Typically, countries with high levels of corruption are perpetually poor. It is a blot on humanity that corruption causes about 40 percent of the population in Asia and Africa live below the poverty line. These people do not get enough to eat to preserve their body weight, are physically stunted before they reach adulthood, and are unable to lead healthy and productive lives. Today nearly 400 million people are illiterate and with no real hope of escaping from their state of ignorance. These abominable figures of disadvantage and deprivation become even more grotesque when we also proudly claim that our world is richer today than at any time in history. The reasons for these problems are complex, but not unrelated to the level of corruption. Please see BOX # 4 for information on how the Republic of Korea has fought government corruption through increased government transparency.

**On-line Procedure Enhancement for Civil Application (OPEN)
Republic of Korea**

In 1999, the Ministry of Planning and Budget in collaboration with the Ministry of Government Administration and Home Affairs began drafting a plan to nationalize a local best practice from Seoul called the On-line Procedure Enhancement for Civil Application or OPEN. The central government of Korea deemed OPEN an “advanced tool to foster innovation in management,” and had found the outcomes of the program to be satisfying to both officials and the public.

Corruption was endemic in many Korean civil administration departments. OPEN was designed to cast public scrutiny on various government processes in order to prevent unnecessary delays and arbitrary decisions. OPEN is a web-based program that allows citizen access to civil transactions via the Internet. Citizens can apply for a variety of permits, monitor applications, and raise questions in the event of irregularities. The fields of operation currently covered are: transportation, housing and construction, environment, urban planning, construction work, industry and economy, sanitation and welfare, and fire emergency services. All civil application documents now show the name and contact information of the public official in charge allowing citizens to supervise their application processing and hold an individual accountable for the outcome. Rewards are given to public officials who input the most comprehensive data into the OPEN system thus enhancing incentives for bureaucrats to perform well. Additionally, aggressive public service announcements have elicited large-scale public buy-in to the program.

By making the civil application process transparent, the Korean government is investing in corruption-free government where the rule of law is not obstructed by individual interests. Government-citizen connections are also strengthened through OPEN. Whereas in the past civil application decision-making and paperwork were taken up by isolated bureaucrats who answered to no one, OPEN has now created a clear window for citizens to view and monitor the actions of public officials.

The culture of transparency, accountability, and the rule of law is essential to eliminating corruption. Corruption in the Swedish government is almost nonexistent because of its transparent practices where public officials have to post all information, including trivial items such as travel expense reports. India pioneered the practice of posting the names of corrupt officials under investigation – the so-called E-Shame – to help deter corrupt practices. Greater transparency in government, simplification of regulations, better compensation and motivation of public servants, and public exposure of corrupt officials are some of the many innovations that check corruption.

III. New Governance Paradigm: Some Limitations & Shortcomings

The introduction of certain market principles and practices into the functions of government has been beneficial in introducing flexibility, cost consciousness, and responsiveness to the needs of citizens. In particular, the incorporation of the idea of competition in government service delivery and procurement policies has helped to reduce the indifference and callousness that had set into the behavior of public servants who viewed government as a monopoly in which citizens had little or no choice. However, it is important to underline the fact that the critical factor that accounts for efficiency and reduction in governmental costs is not whether the goods are being produced by the private or public sector, or that the services are delivered by the government or market but rather competition exists amongst governmental sectors. We know from experience that a monopoly of the market, even in the private sector, invariably leads to poor products, indifference to customer preferences, and price gouging. An example from the airline industry elucidates this idea. A deficit spending airline owned by the Indian government maintained a monopoly on air travel in the country; additionally, the airline was considered to be one of the world's worst airlines in terms of quality and service. However, once faced with competition from Jet Air and other private airline companies, the Indian airline was forced to vastly improve its quality and services in order to compete in the larger market. The Indian Airline and the consumer market mutually benefited from outside competition while the increased market size helped prevent privately owned companies from price fixing. The market functioned more efficiently and consumers received a better product once the monopoly was gone.

There is no evidence to suggest that the government, the private commercial sector, or the nonprofit organization is, by themselves, better suited to the task of service delivery; each sector brings its own strengths and weaknesses, advantages and disadvantages. In this case, the deciding factor should be which of the three has the comparative advantage in delivering a particular service to a particular place under specific circumstances. Alternatively, governments understand that a centralized bureaucracy is effective for the implementation of only certain policy agendas, being totally incapable in other policy areas. It was this realization that led to the division and devolution of powers, responsibility, and roles between the federal, state, and eventually local governments. However, this simple realization did not come easily and took many years to filter into policy making. Even today, the failure to comprehend this basic concept of devolution and decentralization lies at the root of government's ineffectiveness and corruption. Devolution and decentralization is premised on a belief that different functions are best

performed at different levels and by different agencies; and the services that most affect the every day of lives of citizens, such as garbage removal, schools, and health services, are probably best delivered on the local level. Even though the government has the responsibility for delivering these services to the citizens, it does not always have a competitive edge. It therefore follows that many of the services presently provided by the government can be left to the market or the nonprofit groups who are better and more efficiently equipped to handle the job. Below, BOX # 5 offers an example of a private organization cooperating with the government to improve service delivery and solve problems:

RENTAS
Brazil

Wild animal trafficking in Brazil became increasingly more sophisticated and electronic, with many transactions occurring between sellers and buyers online. Local law enforcement had neither the manpower nor the technology to combat the growing threat. Therefore, a non-governmental organization known as RENTAS arrived on the scene in 1999. RENTAS utilizes an innovative internet-based hotline to gather intelligence and “tips” about potential trafficking activity and deals. This information is then relayed to the appropriate law enforcement authorities who then make arrests. Due to this cooperation and sharing of information, local law enforcement was able to adapt quickly to high tech trafficking and has successfully quelled the flow of illegal sales. RENTAS’ ability to utilize internet information as well as the organization’s strong ties to law enforcement and public policy practitioners makes it a vital link in the solution to a difficult problem.

It is safe to argue that the government lacks the comparative advantage in service delivery, thus leaving the responsibility to the market or nonprofit organizations. However, there are some cases where this may not be possible. Markets operate to make profit; and they are unlikely to provide a service which is not profitable. But the government, on the other hand, is under obligation to provide any service that is considered essential for the citizens. Take for example the case of postal service. Although an important service to citizens, it is unlikely to be provided by the market sector. It is true that commercial courier agencies and parcel delivery services have mushroomed in urban areas, especially in big cities where the opportunity for profit abounds. The commercial organizations are driven by profit motive; they invariably cherry pick and will only be attracted to a lucrative market. The commercial courier services have neglected or even excluded large part of the rural and far flung places. And even in urban areas the courier services have few offices and citizens must drive or take public transport to deliver their parcels. However, the government run postal service cannot confine its activities to the urban areas. To meet the needs of the citizens, the government will have to provide post offices and pillar boxes in remote villages and sparsely populated areas. Here criterion is not so much as to who has the comparative advantage – the government or the private sector – but rather that government has to serve all its citizen and cannot focus on only profitable operations. However the fact that the courier companies have taken a sizeable portion of business away from the post offices has injected competition and has improved the quality of servic. Any one who has walked into a post office in the U.S.A. will notice this customer oriented attitude. Their offices offer a wide range of services and the delivery options that are faster and more reliable. In addition, the improved service at the Post Office has kept prices in check.

The government's postal service has certainly benefited from competition; but competition is only one aspect of improving service and cost effectiveness. More and more governments are now beginning to recognize innovative ways of doing government business by harnessing the synergy and value addition of collaboration with the private sector. Let us continue with the example of the post office, but this time, we will focus on the UK. As a part of its cost cutting exercise, the British government decided to shut down a large number of post offices that were directly run by the government and outsourced these services by contracting with corner shops in both the rural and urban areas. Many of the services that post offices were previously performing, such as cashing pension and social security checks, selling investment bonds, postage stamp, delivering government forms for things like the driving licenses and accepting parcels on behalf of the Royal Mail, etc. are now undertaken by these shops. This has considerably cut the size of the work force, freed up high value real estate property owned by the Post Office, and allowed the post office to commit its resources to its core area of work – collecting, sorting, and delivering mail.

It is incorrect to state that privatization is a panacea for service related problems; and it is still less correct to assume that the market is a better option than the state. For example, the British railway was privatized, resulting in unfortunate consequences: the frequency of services on most of the routes diminished, the fares went up in excess of the inflation rate, little new investment were made on rail stocks or the tracks, and the safety of the passengers became a widespread concern following unduly large number of serious accidents. Privatization, by itself, did not improve the rail service customers did not receive the better quality service. This shows that there is no guarantee that privatization or outsourcing automatically enhances the quality of services, efficiency, or safety. In large part, the inefficiency of the British Rail prior to privatization was due to a lack of investment in the infrastructure and technology. Clearly that problem did not go away with change of management. Private operators are seldom prepared to make infrastructure investments. Today, there is considerable opinion in the UK that the railways may have to be brought back under government ownership to improve their status. This further shows the government's need to regulate the service provision and ensure that the citizens are not being shortchanged.

While selective use of market practices has certainly helped to make governments more efficient and responsive, the pendulum is in danger of swinging too far to the other side. Not all the concepts borrowed from the private sector have equal applicability or validity in the government sector. There are a number of areas where we need to be particularly cautious. At one level, the concept of customer service borrowed from the private sector makes a great deal of sense but its mechanical application to the business of the government is questionable. Success in the market is determined by customer satisfaction; and in that sense, the corporations are there to serve the customers. The customers express their satisfaction by paying for, consuming a particular product or service, and by remaining loyal to that particular brand of product. Likewise, they signal their dissatisfaction by using a rival supplier or product. In competitive markets, consumers benefit, and the competition in the market ensures customers have choices. The concept of citizens as customers is a useful way of looking at the way governments serves the citizens. The citizens pay for services with taxes; therefore, it is only proper that citizen satisfaction be the yardstick for judging the government's performance.

Citizens also have certain legitimate expectations of the standard and quality of services to which they are entitled. There is no reason why the government should not be able to deliver services like the market does. As we have seen, a number of governments have employed instruments like 'citizens charters' to set out in a transparent way the standards and types of services that is being offered to them and with clear mechanism for redress if those commitments are not fulfilled.

While the concept of customer in the private sector is clear, it is ambiguous in the government. In the first place, the government cannot be selective and must serve all citizens. It cannot discriminate between those that pay higher taxes and those that do not. One example is the case of a welfare recipient or a substance abuse patient. No question exists that a welfare recipient is entitled to receive courteous, timely, and efficient service. The government agency responsible must provide that. However, unlike in the market, the welfare recipient or the substance abuser is not the only customer of the government agency receiving services. The parliament, the government, and the tax payers also have a stake in it, and their concerns also need to be heeded by the service delivery agencies. For example, the government wants to make the life of the benefit recipients difficult on the premise that they should seek gainful employment or quit substance abuse as soon as possible. Society often deems that high benefit payments reduce the incentives of the benefit seeker to look for employment; therefore, society tries to limit benefits to a minimum. Society also might restrict the choices of the benefit recipient by prescribing what he or she may or may not consume. Some times, the benefit recipients are given food coupons (instead of cash) which can only be redeemed for the purchase of food and not alcohol. Here, the choice of the actual consumer (benefit seeker) is not taken into account and instead the decision is made by the society or the government acting on its behalf. In this case, the society understands that providing food for the pauper is its responsibility while showing its disapproval of alcohol consumption by forbidding its purchase.

Another example is how the wishes of the society and the beneficiary of the program are articulated through representative government. Most societies disapprove of drug use; and it is neither uncommon nor unfair for the society to insist that a substance abuser be required to attend a clinic or a program to rid the habit of drug abuse before qualifying for benefits. The preference of the drug user to continue substance abuse is ignored altogether. This example points to the fact that the service delivery agency has to deal with two conflicting set of demands from the service-user and the government; and it is not always clear as to who is the customer. This certainly poses a problem. The Internal Revenue Service in the U.S., for instance, has sought to deal with the often diverging demands of the tax payers and the government by separating the tax collection agency, which is responsible for dealing with the tax payer, from a regulatory body that sets the taxation policies.

Accountability is a more complicated problem. In the corporate sector, managers and workers have a clear idea as to what and to whom they are accountable. In general, it is primarily to the shareholders, the owners, and the board of directors of the company. The yardsticks for measuring accountability are also pretty straightforward. So long as the managers are producing acceptable return for the investment without infringing the law, the manager has fulfilled his or her accountability. The accountability is intensive; the performance goals are clearly defined and measurable by the profit line. However, in the public sector, where the managers are custodian of tax payer's money, accountability is both extensive and much more rigorous; it has to be more transparent to the public. It is not surprising that in public sector accountability is spread through a number of layers – parliament, ministries, department, and agencies– and is assured through the compliance of a large number of rules and regulations, from auditors and comptrollers. Such extensive accountability, even though it often reduces speed and flexibility, is considered essential in democracies where the citizens are theoretical masters. By copying the flexible rules and compliance requirements of the market, governments can become flexible and more responsive, but at the cost of democratic accountability. There appears to be a pay off between accountability and flexibility; and one of the challenges of new governance is to devise mechanisms that are flexible and accountable at the same time. The problem of ensuring accountability is further complicated in countries where political institutions and rule of law are weak and the propensity towards corruption is greater.

The challenges of new governance exceeds beyond accountability. Governance is not solely the responsibility of the government; rather, it is only one part in a tripartite structure – the government, market and the civil society – and is jointly responsible for the ordering of society. While each has its own sphere of action, together they provide the governance of the society. The challenge for us is to discover mechanisms and procedures which enable the three principal actors to collectively supplement each others' capabilities. Just as the powers of the government have to be tempered to make it responsive to the wishes of the people, the market likewise has to be kept in check to prevent excess. The invisible hands supposedly regulating and self-correcting the market forces are nothing more than fiction. Markets cannot function without government regulation. In order to effectively function, the market must rely on the government to protect private property rights, to enforce contract, to provide arbitration in the event of disputes, to manage and regulate patents and trade marks, to facilitate the exchange of goods and services by setting standards for measurement, to create the conditions for international trade, to protect against theft and fraud, and to control the money supply through manipulation of interest rates. There is clearly no such thing as an unregulated free market. Nor can any society leave market uncontrolled. Markets based on short term profit maximization cannot be a sound or desirable principle for societal organization. Markets invariably have winners and losers, and the market has no responsibilities towards those who lose. The governments have a broad responsibility towards their citizens; and, unlike the market, cannot ignore the weak, the vulnerable, the unemployed, the sick, and the destitute. It has a responsibility towards all of them as the guarantor of social justice.

IV. Reinventing Government: Development and Social Justice as the Core of Government

In this essay, we have talked about how reinvented government has helped to cut the costs of government, how to make governments more citizen friendly, how technology has been creatively harnessed to bring the government to the doors of the citizens, how the improvements in the quality and delivery of services has contributed to citizens satisfaction, and finally how the government has gradually transformed itself from an operational state to a regulatory and facilitating government. These important and essential elements of good governance should not be underestimated. However, the ‘revolution’ in governance, however impressive and far reaching, is not enough in itself to justify the role and the authority of the government. Reinventing government has to be more than just effective government. It has to be a democratic government that enjoys popular legitimacy and one that effectively fulfils its role as the guarantor of social justice. This can only happen if we make our democratic institutions more inclusive and committed to creating an even playing field in which all citizens have equal opportunities and access to the benefits of the government. Reinvented government must also reflect the will of the people, respect the sensitivities and the needs of the minorities and disadvantaged communities, and be more accountable, transparent, participatory, and innovative in its responses to the needs of the people.

For the concept of ‘reinvented government’ to be meaningfully applied to developing and transitional societies, the scope of reinvention has to be extended to strengthening democratic governments, institutions, and processes themselves; social justice must be placed at the core of governance concerns. The current literature on reinventing government takes the existence of democratic governments for granted, and does not show any explicit concern for social justice. The challenges for us are two-fold: first, how to make democratic governments, processes, and institutions function more effectively, especially in developing societies; and second, how to ensure that governments fulfill their role as the guarantor of social justice. The latter has an important corollary; the ability of the government to alleviate poverty effectively largely depends on its ability to stimulate rapid, sustainable, and equitable development.

In this section, we will first revisit the linkage between democracy and development and ask what comparative advantages exist for democratic governance in poverty reduction. We will examine the record of democracy in managing economic growth and inquire whether its performance in promoting long term and sustainable economic growth is really worse than those of the more authoritarian regimes. In other words, is there a trade off between democracy and rapid economic development? After arguing that economic growth is a means to realizing certain socially desirable goals, we will suggest that it might be possible to achieve socially desirable public policy goals without actually waiting for high levels of income.

Second, we will argue that, in claiming that democracies are better equipped to deal with the question of social justice and in promoting broadly defined social indicators, we cannot ignore that the performance of many so-called democratic governments is uneven or mixed at best. We shall need to explain this glaring inconsistency in our democratic audit, and suggest how those defects might be remedied so that democratic governments can perform their role as the custodian of social justice. Finally, if the evidence suggests that the record of democracy both in promoting development and equity is superior, how does one explain that the gap between the rich and the poor is widening more rapidly than any time in history despite the significant growth in wealth.

Government is central to our society because it is supposed to be the guarantor social justice. We also know that a government that is popularly elected is more likely to be accountable, transparent, and responsive to public opinion; therefore, it follows that such a government will respect human rights, gender equity, and allow freedom of expression and religion. A government that does all this will also allow full human creativity by creating an even playing field in which citizen will be able to develop their talents fully and receive the services they need. By saying 'good governance' we assume this means effective democratic governance. Is this near universal preference for democracy just an ideological preference for the liberals and the progressives? Or rather is its desirability based on a superior record of democratic governments in managing economic development and promoting a more equitable society?

The causal relationship between regime types and economic performance is admittedly difficult to establish. Similar regimes do not necessarily adopt similar policies and all regimes are constrained by the alternatives available given their special circumstances. More importantly for the developing countries (given their vulnerability and dependence on the developed world), their economic performance is not only influenced by policy choices but also by the state of the world economy, the fluctuations in commodity prices, the state of social and economic infrastructure at home, and the availability of domestic natural resources and external economic assistance. Nevertheless, policies do matter in economic development and there is no denying that a regime's choice of policy reflects the pressure on that regime. Unpopular and authoritarian regimes promote urban-based development programs to 'buy' influential supporters in mainly urban, professional, and business groups. Democratic regimes, on the other hand, being popularly accountable and dependent on voters for their continuance in power, have to target their development programs to win over the masses.

Professor Atul Kohi of Princeton University argued that the development performance of democracies in the developing world is relatively impressive. He has examined the development records of five diverse democracies, namely India, Malaysia, Sri Lanka, Venezuela, and Costa Rica and compared them with countries which followed authoritarian routes to development such as Argentina, Brazil, Egypt, Morocco, and South Korea in terms of three factors: economic growth, income distribution, and foreign debt management. His conclusions are revealing. The authoritarian group initially achieved high growth rates compared to the democratic states, but in the long run the gap between the two groups considerably narrowed. This is easily explained. Democracies, because of longer term political stability, were able to maintain steady progress and suffered little regression resulting from political upheaval or succession crises.

In terms of debt management, democracies showed markedly better performance while the countries with staggering and unmanageable debts were from the authoritarian groups. This is not surprising. Democracies enjoy legitimacy and therefore, unlike military regimes, do not have to borrow desperately to buy support. Popular legitimacy gives elected governments the mandate and authority to raise taxes.

Finally, in income distribution, the performance of democracies was superior. Even in those democracies where income inequality has not narrowed, the gap did not broaden, while in the authoritarian groups the income gap widened. Governments dependent on votes have to cater to all sections of the population and provide political mechanisms and pathways through which the deprived groups can make sure their claims are heard. Authoritarian regimes depend upon the support of narrow influential groups and therefore pander more to those groups. It should be stressed that income inequality is not only in itself undesirable but also creates sectional and regional tensions and conflicts which in turn disrupts economic development. We also know that countries with greater inequality have higher rates of economic growth in order to narrow the gap. The sample is obviously much too small to make a firm generalization, but it is sufficiently indicative to suggest that even on purely economic performance (which is only a part of the development process) democracies have a sound track record. It is important to emphasize, as Kohli points out, that democracies also have certain intrinsic values independent of its economic record:

“If democracy is a valued goal in the contemporary Third World, it may be necessary to settle for moderate growth rates. More value may need to be placed on the political rationality of economic policies that appear irrational from the standpoint of economic science. Nation-building is a long term process in which the need to create viable political institutions has to be balanced against the demands of economic efficiency.”

One important caveat needs to be addressed. Experience has taught us that the excessive concern with the rate of economic growth is sometimes misplaced. Nor is the contention that economic growth is an essential precondition for political stability particularly well-founded. This is putting the cart before the horse and confusing means with ends. The development of a sound political system and democratic institutions are prerequisites for development and indeed a sine qua non for the benefits of development to be enjoyed by the majority of the people. Part of the reason for confusing means with ends is that, until recently, development economists used a narrow concept of development. Development was viewed in terms of certain critical indices: the per capita income, the rate of increase in the GDP, the ratio of savings, the level of industrialization, and so forth. There was very little concern with the qualitative improvement of life which must be the end purpose of all development activities. The quality of life cannot be measured merely in terms of per capita income or the average life span, but must also take into account popular participation and the accountability of the regime to the public; the ability of the population to read and write; the choice to pursue scientific and literary interests; freedom of expression, association and movement; the preservation of human rights and safeguards against intrusion into individual liberty; the enforcement of social justice

through income redistribution; protection against discrimination based on racial, religious or ethnic origins; a guarantee of the rights of minorities; and equality before the law and equal access to the benefits of the state. These are not merely values we cherish; they are essential preconditions and ingredients for development.

Today, largely due to the work of the UNDP and its human development indicators, the new paradigm of development is fairly well accepted. Development is no longer seen as one-dimensional where progress is measured primarily in terms of economic growth and an accumulation of wealth. There is a consensus that development is about enhancing individual freedoms, expanding human capabilities, widening choices, and assuring citizens their basic human rights. Poverty is not merely a shortfall in incomes. Human beings are multidimensional and so is the scourge of poverty. Human deprivations such as ill-health, gender discrimination, poor education, and malnutrition are constituents of poverty. This deprivation is caused by the poverty of opportunities, not just by the poverty of incomes. And the denial of opportunities is dependent on a lack of economic opportunities (income, employment, access to credit, ownership of assets, etc.) as well as on the denial of political, social, and cultural opportunities.

Such a 'human development' perspective does not in any way undermine the significance of economic expansion. On the contrary, it draws an important distinction between means (income expansion) and the ends of development emphasizing in the process the need to ensure that growth gets adequately translated into tangible changes affecting the quality of people's lives. The human development paradigm recognizes the close interconnections between the fulfillment of social and economic rights and political and civil rights.

The new paradigm also takes into account human security concerns. Human security is about the security of people's lives and not just about territorial security. It is related to the persistence of human poverty and the negative effects of war in alleviating poverty. It is about protecting adequately and effectively for the people's health, education, employment, and social protection. Embedded in the concept of human security is a concern for human dignity, democracy, participation, and pluralism.

To say that development economists have confused the means with the ends is not to suggest that they have no role in policy prescriptions. Indeed, Professor Amartya Sen reminds us that some of the major ideas put forward by the development economists remain valid. The major themes of development economics – industrialization, rapid capital accumulation, mobilization of manpower, and the government's role in creating a facilitating and enabling environment for development – still remain important concerns for policy formulators. The rate of growth, the state of industrialization and the level of unemployment are useful indicators and give us a fairly good understanding of the state of economic growth. Growth only matters because it is a means to an end and not an end in itself; it enables other desirable goals to be realized. Growth is not the same thing as development but only a small part of the development process. Professor Albert Hirschman points out that development economists go wrong in believing that developing countries have 'only interests and no passions.' Hirschman goes on to say that these countries cannot be "expected to perform like wind-up toys and 'lumber

through' the various stages of development single-mindedly." Economists often forget that human beings matter.

We have argued so far that economic growth is important in that it helps to bring about a qualitative improvement of life; that only when the benefits of development are actually transferred to all sections of the people are the ends of development actually achieved; and that the benefits of development are better distributed through the mechanism of democratic governance. This does not imply that economic growth and democracy is in any way incompatible, nor is there any reason to believe that the economic performances of democracies less successful than those of authoritarian regimes. In fact, democracies even in the developing world can boast of impressive economic records.

It may further be argued further that the achievement of socially desirable goals need not be predicated upon achieving high levels of per capita incomes. Improvements in life expectancy, literacy, health, higher education, and other signs of development are not necessarily related to per capita income. Brazil, Mexico, and South Korea have a GNP per head many times larger compared to Sri Lanka and China, yet the average life expectancy at birth in all five countries is around sixty-five. Professor Sen points out that had Sri Lanka tried to achieve the high life expectancy through the traditional method of increasing per capita income rather than through directing government policy, it would have taken the country between fifty-eight to 152 years to achieve its existing standards. Professor Sen's conclusions bear pondering for a moment:

"If the government of a poor developing country is keen to raise the level of health and the expectation of life, then it would be pretty daft to try to achieve this through raising its income per head, rather than going directly for these objectives through public policy and social changes, as China and Sri Lanka have both done."

The discussion so far demonstrates that democracies have a respectable track record in stimulating rapid and sustainable economic growth; and that socially desirable goal can be realized without having to wait for a higher level of per capita income to be achieved. More over, Professor Sen has long argued that there is little evidence to suggest that the economy grows faster if unfettered by concern for social justice or that an increase in national wealth gradually trickles down from the top to the bottom. There is no compelling evidence to believe that either the economic performance of democracies is any worse than those of the authoritarian regimes, nor is there any reason to believe that a government's concern for social justice has any adverse effect on the economy. *A democratic government is not only economically efficient but also socially desirable.* However there is a large gap between the ideal and reality. The gap between the rich and poor both within the North and in the South is widening, and many governments have relegated the concern for social justice or redistributive justice to the back of their agenda. The number of countries claiming to be democracies has proliferated, yet more than 40 percent of the world population is living below the poverty line. How does one explain this apparent contradiction?

It is not because democracy is unsuitable for developing countries. Contrary to popular belief, the democracies in postcolonial states, both at formal and substantive levels, appear to have been remarkably successful. Many of the states that emerged with the demise of colonial empires have what may ostensibly be described as democratic governance. Despite periodic political upheavals and sporadic military interventions, the postcolonial states have shown a tremendous tenacity in their pursuit of democracy. In most of these countries we have seen popular and periodic elections to renew the mandate of the government. These elections have been mostly fair and free, the voter turnout has been invariably high and enthusiastic, and there has been in many instances a smooth transition of power from the incumbent government to the opposition party that wins a majority in the elections. Multiple competing parties, free press (to the extent that press are free of the owners' views, interests, and ideological preferences), a constitutionally autonomous election commission, an independent judiciary, and the existence of other democratic paraphernalia has ensured that voters are able to exercise their franchise effectively.

The voters also belied many of the worries and pessimisms of those who thought democracy was suited only to the Anglo-Saxons or perhaps to people of European extraction. The enthusiasm for the vote, as demonstrated by the voter turnout, is impressive even when compared to mature democracies. Citizens quickly grasped the power of the vote, used it as an instrument for political bargaining to extract their demands from the leaders seeking their votes, and frequently voted out an incumbent government that had failed to deliver on their promises. The voters displayed their innate astuteness; their judgment on critical electoral issues and their mature voting preferences belied the misgivings of the so-called 'modernists' of any clear linkage between literacy and the exercise of democratic choices. More over, evidence from countries where there have been periodic elections suggests that voters have used the ballot as an opportunity to empower their groups and interests. Even when faced with dictatorial and corrupt regimes, citizens used mass mobilization to force out unpopular regimes. These are impressive achievements by any standard and should help to rest any misgivings about the suitability of democracies for people of non-European origin.

Despite successful transitions, our evidence suggests that some of the democracies have failed the poor and historically disadvantaged groups in the society by routinely failing to deliver on their promises. Whether it is in advanced democracies like the United States or Britain, or transitional societies like Russia or Poland, or in fledgling and emerging democracies like the Philippines or South Africa, there is widespread mal-governance and a popular perception of betrayal by elected governments. Increasingly, we hear that democracies are not working; or that they are ineffective in delivering services and meeting the aspirations of the citizens; or that democracies are incompatible with the developmental aspirations of the majority of the people in developing countries; or perhaps that democracy is not a part of certain societal values, cultures, or religions. It is ironic that just when democracy has become a universal aspiration, and despite its impressive gains, it is in danger of losing its appeal. People are disillusioned and opinion polls of citizens in a number of countries suggest a general weariness of government performance. Citizens have even ominously expressed a willingness to trade so-called democratic governance for a more effective authoritarian regime that is stable and less corrupt. It is important to stress that citizen frustration is not so much with democratic

governments but more with the failure of governance. A large number of factors contributed to the underperformance of democracies.

That authoritarian regimes neglect the weak and the vulnerable is to be expected. In many of the post-colonial states, the governments were captured by military dictators and despots who ruled without popular legitimacy. These rulers compensated for their lack of popular support by building client-regimes. The regimes were urban focused, and sought to strengthen themselves by building a coalition of the urban elite, big business, bureaucrats, soldiers, landlords, and professionals. The coalition of clients was held together by the dispensation of patronage, jobs, and commercial opportunities. In many cases, those resources for patronage were augmented by foreign aid and borrowing from other governments and multilateral institutions. With resources thus appropriated by rapacious elite, it was invariable that the poor and the rural areas would suffer.

Nor did the poor fare any better under the so-called socialist economy with its stated commitments to creating an equitable society. The promised surplus from the state-owned enterprises never materialized. On the contrary, these heavily loss making businesses were subsidized by tax revenues and thereby diverted revenue from education, health, development, and welfare. State enterprises, despite their inefficiency and history of loss making, have not been scrapped because in many countries they still provide the political elite a monopoly for lucrative employment and sinecure for their families and clients. The poor and the disadvantaged lost both ways. Without access to the political elite, the poor could not benefit from employment in the state owned enterprises; and because these enterprises did not generate surplus but instead used tax money to keep these enterprises afloat, the meager tax revenue which could be used for development and welfare was siphoned away to cushion the privileged. The recent economic liberalization and the shift to market economy have brought little cheer to the poor. The 40 percent of the world's population that lives below the poverty line never benefited from the growing global affluence.

The story in democratic countries was less stark, but ironically the poor fared no better. The democratic process in many developing countries is largely telescoped between periodic general elections. The needs and the views of the poor were seldom factored into policy making, and only those with access to the government or political powers benefited and did extremely well. Even those welfare schemes that were specifically designed for the poor, like subsidized electricity, water, fertilizers and credit facilities were also usurped by the marauding elite. Many of the services that citizens can legitimately expect from their governments – schools, hospitals, irrigation, public transport, water, and sanitation – were non-existent in much of the rural areas and therefore not available to most of the poor.

We noted earlier that democracies have a sound record for economic growth in the long run, and that they tend to exercise policy choices to advance socially desirable goals rather than wait for income to rise. We have also postulated that because democratic governments are accountable to the people, they are better placed to distribute the benefits of economic growth and development. However, the actual record of ‘democracies’ in developing countries in promoting social justice or poverty alleviation is not particularly inspiring. The explanations are complex, but some insights may be gained from the Indian experience.

India is the world’s largest democracy, enjoying continuous democratic institutions and processes for longer than those in Germany, Italy, or Japan. The government has regularly held elections and incumbent governments have been thrown out of power. It has a long experience of smooth transition of power – an acid test for many democracies – from incumbent government to the one which has won a popular mandate; it has a multiple party system, a high voter turn out, free and fair elections, an independent judiciary, and constitutionally guaranteed fundamental rights. Successive elections have broadened the circle of people who benefit from the actions of the government. India is a world leader in the field of information technology, has developed nuclear weapons capability, has successfully launched rockets into the outer space, and can rightly boast of the second largest scientifically trained work force in the world.

By all accounts, democracy has taken firm roots in the country. India has retained a liberal constitution and federal political institutions. Indian citizens generally accept the legitimacy of the electoral system reflected by large voter turnouts and regular changes of governments at state and national levels. Surveys indicate a strong commitment to the principles of electoral democracy among the poor. A vibrant English and vernacular media and a rich variety of social reform movements, non-governmental organizations, and pressure groups help to ensure some measure of government accountability and transparency.

Political participation and democracy have been strengthened considerably by constitutional amendments approved in 1993 that have created new democratic institutions for local governance. So far, 2.5 million members have been elected to Village Councils (*Gram Panchayats*). Even more striking, the Constitutional Amendments ensured reservation of one-third of the seats for women in elections to local level institutions of rural and urban governance. The impact of this has been phenomenal. In 1999, some 750,000 women were elected to village councils (*Pram Panchayats*), a further 42,500 to higher-level councils. Several positive changes are beginning to be felt at the grassroots level with the induction of more and more women into public decision-making. In addition to enhancing women’s participation, the reforms have contributed to boosting their confidence, and improving their status and position in society.

Admittedly, the country has come a long way since Independence in 1947. Most noticeable are the expansion and diversification of food production, the adoption of new technologies and modern management, and advances in science, medicine, engineering, and software development. India's economic growth record has been noticeable. India is one of the few developing countries that have enjoyed sustained growth in per capita incomes since 1950. In fact, the GDP growth rate after the initiation of economic reforms in 1991 was impressive, ranging between 6 to 8 % per annum from 1991 to 2000. Perhaps even more impressive is India's political success, despite problems of political instability, institutional decay, and inter-group conflict.

Significant changes are also visible in the social sphere where affirmative action, political organization, and collective mobilization are gradually transforming the status and position of many socially backward communities. Minorities, socially disadvantaged groups, and women are more free to speak out today than ever before. They are less fearful, more outspoken, less apprehensive, and more demanding of their rights. Factors contributing to this positive behavioral change include higher levels of education, increased participation of women in politics, greater awareness, improved access to justice, and a stronger collective identity. Above all, public perceptions of many forms of exploitation and abuse are changing.

There can be no denying that at an aggregate level India's record is good; but when the figures are disaggregated, an alternate picture emerges. Despite all the formal paraphernalia and pre-requisites of a democracy, the government of India has failed to bring the benefits of development to a large part of the disadvantaged. India is home to half of the world's illiterates and the impoverished. Nor can it escape from the fact that malnutrition is widespread, a sizeable section of the population has no access to safe drinking water or sanitation, and millions are homeless, unemployed, and without hope. What is striking is that India's development has been characterized by persistent inequality. Caste and class differentials are stark, such as in discrimination against girls and women. Public provisioning in rural areas is far worse than in urban areas. *Dalit* (the so-called untouchable) and the *Adivasi* (the indigenous people of India) communities fare worse on almost all indicators of human development.

At a conservative estimate some 350 million people – the equivalent of India's entire population at the time of its independence in 1947 – are now living below the poverty line. India is the home to half of the world's illiterates and impoverished. Vulnerable groups, especially those which have suffered historic discrimination, have received little or less than their fair share of the benefits of development. And even more glaringly, women in general, but especially those from the disadvantaged groups, have benefited least and continue to face discrimination. The quality of life for the vast majority of people in India remains unsatisfactory. For example, India has achieved remarkable expansion in food production, and famine death rates have been virtually eliminated; yet, 55% of children under five years old remain malnourished – nearly twice the levels reported in many parts of sub-Saharan Africa. Similarly, there has been a rapid expansion in the physical provisioning of schools and close to 95% of the villages have a primary school within walking distance of one kilometer; yet, adult literacy in 1991 was only about 52%, and close to two-thirds of Indian women could not read or write.

Again, while life expectancy at birth has doubled from around 31 years in 1950 to 62 years today, India's maternal mortality rate – 410 per 100,000 live births – is almost 100 times the levels found in the West. From 1950-1998, infant mortality rates have been halved to 74 per 1000 live births; but, close to 2 million infants die each year – and most of these deaths are avoidable. Public health care through primary health care centers has spread to most parts of India; but, serious issues of quality, access, and efficiency plague the proper functioning of the system. Considerations of gender, caste, and class continue to affect access to basic social services. Finally, despite the record of sustained economic growth, some 34% of the country's population continues to live below the poverty line.

Another striking feature of India's skewed development is the persistence of widespread inequalities. These inequalities are visible across states, between rural and urban areas, within communities, and most significantly between women and men. Women are particularly disadvantaged, even though in the last fifty years India has certainly made impressive progress in enhancing women's condition and capabilities. On the positive side, a woman's life expectancy at birth has almost doubled in the past 50 years, from barely 32 years in 1950-1951 to 63.36 years today, and female literacy rates have risen from around 15 % in 1951 to an estimated 42% in 1998. These are not insignificant achievements, but beyond that women fare worse than men on almost all counts. There is perhaps no more shameful statistic than the fact that there are only 93 women for every 100 men with the trend worsening over the years. As Professor Amartya Sen has pointed out, some 40-50 million girls and women are "missing" from the Indian population. In all but a few countries of the world, there are typically 105 women for every 100 men.

Despite all the constitutional and legal statutes conferring women equal status, in everyday life they face much discrimination and degradation. Rape, sexual assault, and sexual harassment are common and go largely unpunished. Women also suffer discrimination in the economic sphere. Women are typically concentrated in mostly low paid and insecure jobs in the non-farm sector where rates of pay are well below those for men. Despite the growing involvement of women in recognized economic activities, they remain dominant in unpaid household work and in home-based work. It is clear that the historically disadvantaged groups, and especially women amongst them, have been largely excluded from the benefits of development in India.

Our cursory review of the Indian government's record shows that the benefits of progress have not accrued uniformly to all people. To a large extent, government has bypassed these socially and politically disadvantaged groups. The failure of the government to fulfill its role has raised serious questions about its credibility and legitimacy. From the perspective of the poor, the combination of the failure of the government and the market has led to distorted development in which the rich have become richer and the poor poorer.

The Indian example is particularly poignant. It is instructive in both illustrating the success of a democratic government expanding human freedom and promoting development while at the same time revealing the limitations of a democratic government when its institutions are not sufficiently strong and citizens are inadequately empowered. India is rightly regarded as one of the best examples of a developing and economically successful democracy; yet, its record in poverty alleviation is dismal. How then does one explain this apparent anomaly? How do we square this with our earlier claims of the superior record of democracies?

Popular elections and the existence of formal democratic structures, constitutions, and the guarantee of fundamental rights are essential prerequisites for liberal democracies; but these are not completely sufficient conditions. A host of other factors have contributed to the emaciation of the will of the people and the erosion of democratic institutions:

- In most countries, the gap between the rulers and the ruled has widened with no signs of that divide being bridged. The two – the rulers and the ruled – may live in the same country but often they traverse in different universes. The voters are consigned to hibernation between elections, and the elected leaders largely cease to be held accountable by voters.
- The influence of campaign finance, criminalization of politics, special interest groups, and the dominance of big business further ensures to constrain the freedom of action of the elected representatives and is taking their toll on the functioning of representative systems of government. The elections are often free and fair but the electoral outcome may or may not always reflect popular choices. Evidence suggests that negative campaign and costly media blitz can often obscure issues, instill fear amongst voters, and adversely effect voter choices.
- The gradual but persistent roll back of the welfare state, the onslaught on affirmative action, and the influence of campaign finance in determining the outcome of the election results has shaken the faith of the citizens in the government's role as the guarantor of social justice. Not surprisingly, the citizens are distrustful of politicians and elected leaders.
- In many countries, the benefits of the state's development efforts are mostly monopolized by the powerful, especially those with access to the government. Projects and policies for the benefit of the poor and for poverty alleviation have proliferated, but few of the benefits of development have actually accrued to the poor. Many of these projects never reach their intended beneficiaries; and there is plenty of evidence to suggest that much of the fund is either lost through corruption or the benefits of the schemes are usurped by the socially and politically powerful and by those with access to the government. The ruling elites in all these countries have tended to monopolize the access to the resources of the state by controlling the state apparatus and influencing the economic policies for their selfish and sectional ends. Even some of the best conceived poverty alleviation schemes have mainly benefited

the better off groups and those individuals with access to the government.

- While most democracies have a plural political system, independent judiciary, and other institutions associated with formal democracies the access to these institutions are, for all practical purposes, denied to the poor. For example, justice, quality education, health or basic amenities of life like sanitation, electricity, and clean water have yet to reach the poorest.
- Free media is supposed to be the watch dog of democracy. While most countries today have free media, the freedom of media is the freedom of the owners or the groups that control the media. Issues and concerns of the disadvantaged groups seldom engage the editorial concerns because poverty and deprivation are not considered newsworthy.
- Liberal democracies are based on one person one vote; and this means that in many plural societies the minorities are often rendered voiceless. In most constitutional arrangements, there are few mechanisms to check the tyranny of the majority or for tempering majority decisions with the legitimate concerns of the minorities. The democratic practice of the 'rule by majority' often leads to the winner taking all and domination by the majority groups. Minority groups and communities, especially the women and economically least well-off, are often rendered voiceless and neglected. There are very few homogeneous nations in the world today. Yet current democratic constitutions, governments, institutions, and processes have not been designed or adapted to respond effectively to the challenges of diverse and divided societies.

There is no question that the government's record on social justice is mixed but it would be a mistake to lay the blame on India's democratic system. The reality, however, is that democratic government works within a broadly based consensus which is negotiated through complex bargaining amongst numerous stakeholders and powerful interest groups who have strong vested interests in preserving the status quo. There is therefore a limit to the ability of the government to persuade the groups that benefit from the status quo to voluntarily give up their privileged position in the name of fair play or social justice. The entrenched group will resist any attempts by a government that threatens to alter the existing power structure. On the other hand, the poor are largely unorganized and cannot be mobilized easily despite their large numbers. In the abridged version, democracy is reduced to the right of periodic electoral participation; and for the rest of the time, citizens have come to be seen as bystanders in the game of politics. The governments faced with the conflicting demands of the articulate sections and the voiceless poor seek safety by siding with the powerful. This probably helps to explain why the most vulnerable are also the poorest, the most illiterate, the least healthy, most malnourished, and the least secure. And also, not surprisingly, those that suffer from congruence of such disabilities are also usually politically un-empowered, emaciated, and voiceless.

It is undeniable that poverty results from the failure of ‘economic entitlement;’ and we know that the realization of that ‘entitlement’ is a political process of the empowerment of citizens. The poor are poor because they are not empowered enough to establish their ‘entitlements.’ A major consequence of this has been not only to widen inequalities across the country but also a *congruence of human deprivations*. The poor of India are the ones who tend to be voiceless and most disadvantaged (economically as well as politically), and they belong predominantly to the dalit and adivasi communities. Among them, it is women and children who are worse affected. In fact, human poverty is concentrated in the bottom 20% of the country’s population.

The correlation between poverty and lack of political power suggests important possibilities. Professor Sen argued that if the concern of development is to improve the quality of life for the poor then the surest and quickest way is to concentrate on improving the ‘entitlement’ of people and the ‘capabilities’ that these entitlements generate. Entitlement, according to Sen, “refers to the set of alternative commodity bundles that a person can command in a society using the totality of rights and opportunities that he or she faces.” However, the benefits of economic development can only be distributed through an expansion of the capabilities of the people. This is essentially a failure of the political processes and history gives us some clues as to how we might move forward.

That economic development is meaningless without the recognition of the entitlement or the expansion of capabilities is well known to most students of history. The industrial revolution in England in the eighteenth century and later elsewhere in Western Europe dramatically increased the gross national product, aggregate income, and total supply of particular goods; but, for nearly a hundred years after industrialization, little of the benefits filtered to the masses. The so-called Age of Elegance which saw the flowering of some of the finest country mansions and landscaped gardens by Capability Brown also saw the wretched poverty and grotesque living conditions so vividly depicted in Hogarth’s prints and Dickens’ novels. While the captains of industry amassed vast fortunes and lived in splendid grandeur, the bulk of the worker’s life was nasty, brutish, and short. Living conditions in the slums were appalling and workers had to do long hours in monotonous work in which children and women were also forced to join. The reason for this is easily explained. The majority of the population had no political rights and hence no capability to enforce their entitlements. It took the French Revolution, the revolution of 1830 and 1848, and the Great Reform Acts of 1832 and 1867 to broaden political participation through the gradual extension of the franchise. The Russian Revolution of 1917 was the culmination of a process begun in 1789. It was only through the exercise of their new voting power that British and West European workers were gradually able to secure a welfare state which distributed some of the benefits of economic growth in the population. In short, popular participation and the establishment of democratic institutions are essential preconditions for the expansion of capabilities and entitlements without which the benefits of development cannot be distributed to the people. The secret to empowering the poor is to strengthen the democratic institutions and processes so that people can use their political muscle to make the governments more responsive to their needs.

From the perspective of the poor, the combination of the failure of the government and the market has led to distorted development in which the rich have become richer and the poor poorer. Neither the government nor the market left to their own devices is able to fully serve the needs of the poor. The challenge for those engaged in reinventing government is to find new democratic mechanisms and institutions that will make governments more accountable to empower the disadvantaged groups so that they can realize their entitlement through greater political involvement. For democracies to fulfill their role as guarantor of social justice, the democratic institutions will need to become more inclusive. This calls for mobilization, community organization, advocacy, training, and the building of human capacity. It is here that the civil society comes into play. A strong and well organized civil society can both ensure that government itself is accountable and responsive to the citizens; and further, it can persuade the government to regulate the market so as to prevent it from committing excesses that are detrimental to society as a whole. In the new tri-sector governance, non-governmental organizations (NGO) enjoy considerable comparative advantage. They have a distinctive niche and can play an influential role. Unlike the governments, NGOs are not constrained by political pressures or the prospects of electoral contests. They can therefore take on the cause of the poor with greater freedom and effectiveness. Unlike the government, the NGOs are (in theory at least) nimble, flexible, and unencumbered by interest groups. Moreover, NGOs, because they address the specific concerns and needs of the people, can be experimental, innovative, and take risks. And because they work mostly at the grassroots level, they have a better appreciation of the problems and the solutions. It is at the intersection between the government and the market that the civil society organizations meet. Just as the government regulates the market from committing detrimental excesses to society, it is the role of the civil society to ensure that government is not only accountable and responsive to the citizens but also performs its essential role as the guarantor of social justice. In the emerging multi-sectoral structure of governance, NGOs play a crucial role in harnessing the resources of the government and the tapping the potentials of the market to advance the interest of the poor. It is quite appropriately the 'third sector' in the new multi-sectoral arrangement that can turn the government and the market to benefit the poor. Moreover, with the gradual 'hollowing' of the government, the civil society has assumed a much greater role and increasingly begins to see itself as a partner, along with the government and the market, in the governance of the society.

NGOs choose to focus on vulnerable groups. Here, the NGOs can supplement and complement both the government and the market. This clarity of focus is needed if NGOs are to harness their comparative advantages and maximize their limited resources. The NGOs have already demonstrated their capabilities for policy advocacy and political action. Many of them have been in the forefront of action research and process documentation that has helped to inform and shape policy; and because they are small, flexible, and work directly with the people they can experiment and seed new ideas. Unlike governments, NGOs are not constrained by voters or electorates. However, for them to remain effective and to be taken seriously, they have to become more accountable, democratic, and transparent. Accountability is not meant solely for the donor but also to the constituency they serve, to their members, and to their beneficiaries. NGOs must be transparent by publishing their annual reports not only for the benefit of their funding agency but also for the public at large (many of the NGOs post their

accounts on the web) so their legitimacy in the society is not questioned. This means that the NGOs must work with the people they try to serve; they must have faith in the innate wisdom of the people, however down trodden or illiterate they may be; they must involve the people in solving their problems and accept their solutions and their way of doing things; they must let the people set their own agenda, priorities, and goals; and above all, they must have the humility to recognize that people who are living with the problem usually know the solution. These are the most important lessons that we have learnt from more than fifty years of development experience. The NGOs can be a tremendous force for change and for good but only if they recognize that change will come if the people are empowered to make the change. Herein lies the unique strength of NGOs.

In the last 30 years, there has been an enormous expansion in the numbers and the role of the non-governmental organizations (NGO). During the last decade alone, the number of international NGOs increased from 6000 to over 26,000, while the number of national and local NGOs is too large to even hazard a guess. In recent years, the NGOs have mobilized in excess of 25 billion dollars for their developmental work from private, state, bilateral, and multilateral sources. The Bangladesh Rural Advancement Committee (BRAC) has more students on its programs than the government of Bangladesh. The Grameen Bank (technically speaking it is a bank and not a NGO) is now replicated in over 46 countries and disburses more rural credit than all the state and private commercial lending institutions of Bangladesh combined. The size and scope of the work of the NGOs as providers of services in the provision of information and analysis and in the mobilization of political action is truly breathtaking.

V. Conclusions

While criticism of government ineffectiveness, inflexibility, and waste might be largely justified, it should not lead us to conclude that government has become obsolete and is doomed to be replaced by other institutions. Government is, and will remain, central to society. An efficient, effective, and democratic government is the best guarantor of social justice and an orderly society. The expectation of the demise of the government is not just premature but also mistaken and misplaced. The discussion about the 'reinvention' or the re-conceptualization of government is about better and more effective governance of society. It is not about its replacement by the market or the civil society. It is also clear that if the government is to regain popular trust then it must become smarter, flexible, and more innovative to proactively advance social justice. The 'crisis of governance' is real and just tinkering on the edges will not suffice. We have to rethink the whole concept of governance and also revisit the societal vision of the role of government. In other words, we have to break out of the old mould of thinking and develop a new paradigm for governance.

We have seen that the aspiration for democratic government is almost universal. The expectations of the citizens have changed and they want a government that is responsive to their needs and wishes. An awakened and empowered citizenry considers the business of governance too important to be left entirely to the government. They are no longer content to be passive on lookers or hibernate between elections. Nor are they merely content to let the state or the government do things for them; rather, they want the government to enable them so as to be able to do the things they want. Free and easy flow of information means that citizens no longer depend on the government as a source of information – censorship, the most potent instrument of tyrants, is obsolete – and the growth of an informed public has increased the pressures on governments to be more accountable and transparent.

The obituaries of the government are premature. Government has not, and will not, become obsolete. Like the state itself, the government is undergoing a profound transformation and has to reinvent its role, structure, and character. To meet the numerous demands of the citizens, governments have to reinvent themselves and remain innovative. Innovation is central to enabling societies to build anew the models of government and governance now needs to address the dramatic challenges of the twenty first century. There is no doubt that governments are capable of addressing these challenges. However, we cannot wait for these innovations to come through slow evolutionary means but instead we must actively work to promote deliberate and innovative leadership. Significant strides have been made in the ‘reinvention’ of government; and the various innovations and reforms have done much to make governments more effective.

It is naïve to think that government can be supplanted by the market or the civil society; but, this does not deny the fact that many of the functions historically performed by the government cannot be transferred to the market. Markets are better at delivering services and catering to the citizens as clients. Moreover, in a competitive environment the market can be both cheaper and more effective than the government in providing certain types of services. Markets operate for profit, but must be regulated to decrease excesses. We have already noted that innovations in public management are changing the way in which government works; but it is important to emphasize that reinvention of government is a means to an end and not an end in itself. The end is its role as the guarantor of social justice. The focus of government and reinvention must put social justice at the heart of the discourse on governance.

Our experience of economic liberalization and the shift to market economy shows that it has brought little cheer to the poor. Not only does a third of the world’s population live below the poverty line but they also remain outside the domain of the market; and much more importantly, in the absence of any political entitlement they have not benefited from the growing affluence of the society. From the perspective of the poor, the combination of the failure of the government and the market has led to distorted development and their further impoverishment.

However, the inability of government to tackle poverty is not due to any inherent defect of democracy but rather it is due to the weaknesses of political institutions and processes which have largely excluded the poor and vulnerable groups. The poor are poor because they are not empowered enough to establish their entitlements. Our evidence suggests that even democratic governments are constrained by the powerful elite and interest groups. While it is valid to say that democratic government is the best guarantor of social justice, our statement needs to be modified. Popular elections and representative governments, although essential, are not the only prerequisites for an effective democracy. For a government to be truly democratic there must also be effective accountability. Only a regime which is accountable, transparent, participatory, and responsive to the will of the people will put adequate emphasis on the entitlement of the people. In this new tri-sectoral governance structure, it is ultimately the 'third sector' that is capable of harnessing the resources of the government and the potentials of the market to advance the interests of the poor.