

# GOOD GOVERNANCE AND ECONOMIC DEVELOPMENT IN THE XXI CENTURY

EMILIA CORNELIA STOICA\*  
ANDREI CRISTIAN STOICA\*\*

## Abstract

*Nowadays, information, goods, people circulate and brew. The evolution of science and technology, market and capital dynamics, the generalization of models of development and living, these changes affect the relationship with the biosphere and threaten its balance at the same time the one becomes aware of the complexity and probably their fragility. Governance, from local to global, is at the heart of those quantitative but also qualitative changes. Governance is the complex regulator system of the human society which manages both the internal and relations with the outside world, which at the same time guarantees the stability and allows adaptation. Governance is an architecture, a set of practices born of practical challenges that societies face, forming a system that allows to formulate general principles. Stating general principles of good governance will help to build a stable and sustainable society, the common frame of reference against which one can lie and act within and outside the public service. Thus, the governance is based on a territorial approach and the principle of active subsidiarity. Governance been based on a universal ethic of responsibility, it puts the economy in its place and defines what is the market and what does not belong, defines the cycle of development, implementation and monitoring of public policies, organizes cooperation and synergies between actors.*

**Keywords:** *good governance, public management, sustainable development, democracy, budget, public authorities*

## 1. Introduction

Nowadays, the level and extent of interdependence between human beings, between companies, between humanity and the biosphere have radically profoundly changed and to meet new economic, social, cultural challenges, public authorities need to think a new state management architecture.

With globalization, information, goods, people circulate and brew. In addition, technological advance, opening markets, capital flows, the adopting models of economic and social development lead to the establishment of new relationships within society and the natural environment.

Public management is a system which regulates the life of a complex society, both within the country and in its external relations, guaranteeing stability and allowing them to adapt to international changes.

In the capitalist system, governance shows four major components: the corporate, the market, the central public authority and the political system of representative democracy, each of these components having a specific role. The primary role of corporations is to produce goods and services, organizing and utilized labor, technology, capital and information. The market is the place where is facing supply and demand of goods, labor, capital. Public authorities have the responsibility to manage the public sector to provide public services for a decent living for the population, to implement appropriate economic and social policies, while a representative democracy defines the rules establishing and implementation of the will of people.

On the other hand, the extension of what referred to as globalization can exacerbate social inequalities and increase the risk of damage to the natural environment. Consequently, the four components of the governance - corporate, market, public authorities and representative democracy –

---

\* Associate Professor, PhD, “Nicolae Titulescu” University of Bucharest (liastoica@gmail.com).

\*\* Associated Professor, PhD, “Nicolae Titulescu” University of Bucharest; PhD, Ministry of Finance (andrei.cristian.stoica@gmail.com).

there are not enough to meet an environment conducive to the development of emerging and developing countries.

Therefore, at the beginning of the XXI century it is necessary to develop a new vision of governance, to be able to balance economic activities, human resources and environmental protection.

### **1. Governance and democracy**

Globalization offers new opportunities for all countries to benefit effectively from the liberalization of trade, investment, capital flows and technological change, to engage in the dynamics of global economic integration. However, it submits the majority of developing countries, constraints and challenges mainly due to obvious gaps in governance that prevent them from enjoying full and equal opportunities.

We can define the governance as a process where a board of individuals works to assure the legal and moral health of an organization. Governance is the set of rules and procedures organizing reflection, decision and the enforcement of decisions within a social body.

Nowadays, governance has come in force as a vitally problem in developing countries both for foreign investments and for official development assistance providers. Essential element of a sound management, the good governance based on the principles of transparency, participatory democracy, consolidation of civil society, the elimination of corruption, and capacity building. Democratic governance is a key to development. The major role played by institutions, rules and political processes in economic growth and human development are now recognized.

Governance is an area where nobody has a recipe or methodology defined. Beyond universal principles, each country is engaged in a specific process, both the result of a particular history and a set of equilibria, and issues of power relations between actors in constant evolution. Separation of powers and the independence of the judiciary are among the pillars of any democracy. The system needs to ensure equitable access of litigants to its services but should also contribute, through impartial and neutral justice, to create a climate of confidence conducive to political openness, economic, cultural and social. Recruitment of professional civil servants on the basis of objective criteria, the development of systems and legislation to fight against corruption, the training of officials on best practices for efficient provision of public services.

There is a close correlation between governance and development, and an international consensus on the need to improve the overall level of governance as the ultimate end and the principal means for sustainable development.

Democracy is directly related to the idea of the governance that must comply with the needs of individuals and not the reverse. The principle of election, and therefore the responsibility punishable, is a fundamental element of democratic governance. But elections do not feel enough, democratic governance also requires a legislative body that represents the people. It requires an independent judiciary capable of enforcing the rule of law equally to all citizens. It requires professional security forces and politically neutral and serve the people. It implies that accessible media are free, independent and impartial. And finally, it relies on an active civil society, able to challenge the government and offer different modes of political participation.

### **2. Good governance – pillars and shortcomings**

Good governance rests on several pillars, but also faces some shortcomings and risks that can significantly impact negative social and economic life of society

- Integrity as a system of rules and values governing the responsibility of safeguarding resources and public assets and ensure their efficient use. Speaking of the bill requiring that we accept the principle of separation between the public authority and administration, it can both rebuild a government on principles of good governance and preservation of the leeway of politicians. The

fundamental problem is indeed the delegation of powers to avoid any risk of political interference in administrative decisions.

- Transparency, essential to ensure public access to accurate and up to date with the possibility of diffusion. Respect for human rights, particularly of national laws, is a sine qua non of a state of law. Every citizen must feel safe in society. If intimidation, threats, the culture of impunity is excluded, then everyone will assume his role at best civic and democratic. The organization of security through a police efficient and integrated is not so much a matter of public policy a necessary step towards effective democracy. It guarantees peace and rule of law.

- Integrability as collective commitment to ensure broad participation of all actors in society in the preparation and implementation of public policies. Administrative decentralization is to recognize people the freedom to manage their own affairs, clearly refers to the idea of the local democracy. It implies a radical revolution in the mode of administration of the territory. Decentralization represents one of the pillars of the democratization process in creating space taking into account local principles of participation, transparency, pluralism, separation of powers, fair and transparent management of resources and state of law.

- Empowerment and accountability in order to ensure optimal management of human, material and, of course, financial resources and link achievements with the objectives set. No country in the world can sit a public authority without credible set up a public finance system efficient and effective. Proper management of public funds is part of responsible and democratic governance. Ideally, the public policy of a government is reflected in strategic plans and then reflects a budget. Budget preparation, execution, and monitoring are therefore important actions to ensure the quality of public management. A government must have a complete view of its revenues to allocate its resources well, ensuring efficient management of cash flow and improve control systems and audit. A system of public finance more efficient is also an important factor to increase aid donor countries. In addition, it allows the help to better integrate into government systems rather than through parallel systems.

Of all the aspects of good governance, improving efficiency and increasing financial responsibility (accountability) in the public sector are considered essential elements of a framework for economies to prosper. Since the mid-1990s, the role played by systems of public expenditure management has benefited increasing attention as a tool of governance. At present, good governance is primarily gauged in terms of the degree of transparency in decision making and implementation of policy and through the communication mechanisms of financial responsibility of governments and their proper functioning.

Several shortcomings and failures taint governance in a country and at all system levels, including:

- Lack of participation and integration of all components of society and territorial spaces in the path of development. No effective democratic governance cannot do without half the world's population. The principle of equality between men and women is rooted in each legislative defines international human rights. Yet, access to different levers institutional, economic or political is more difficult for a woman than for a man. They are more exposed to poverty and human rights violations while hitting discrimination in education, at work or in social relations, undermining the democratic principles that should guide the rule of law. However, their contribution is essential in the development and democracy.

Certainly, to ensure an optimal allocation of the aid, recipient countries must have mechanisms fiables and democratic structures to manage these financial supports. But this requirement applies to all players support, i.e. also donor countries. Harmonizing their practices by aligning local strategies, they participate in the democratic governance of development aid.

- Lack of responsibility and accountability on the part of managers of public affairs. The weaknesses in internal controls and audits increase the risk of misuse and misappropriation of funds. This then leads to risk the loss of confidence placed both in the state and in the public services.

Approximations and poor management of all public funds available also to a large extent, influence the attitudes of external partners. Management disorder finances no incentive to increase the volume of aid, or simplified procedures for granting his first.

- Failure to mark the judicial system. The legislative omissions, absences of normative standards or deficiencies normative standards under the requirements of the Constitution were not considered as such by the Constitution or by organic legislation can cause great damage to civil society.

- Corruption as one of the manifestations of bad governance. Corruption in government can be a major obstacle to economic growth in that it discourages investment. The financial cost of corruption is clearly felt and recognized by service users. Shortcomings in the practices of the public sector create entry points for corruption and are a key factor to the lack of integrity of public agencies. Even if the information gathered reveals major problems of governance, the overall diagnostic investigation indicates that the government agencies maintain procedures and controls relatively strict decisions about staffing and budget.

Good governance requires a systematic approach to improve the functioning of public institutions. Although the results of the diagnostic survey highlight the weaknesses within the state structure, it should be noted that to improve performance, reforms are needed at both utility providers and users. In general perceptions, households classified government and themselves, citizens, as two agents contributing to corruption.

The performance of the public service in terms of quality of service and integrity of institutions, are determined in part by the procedures governing the activities of officials. They relate to operations concerning the budget and staff, recognition of merit in recruitment and promotion, oversight mechanisms and channels raise reactions (feedback) of service users.

Service quality has a direct link with poverty reduction. The availability of efficient public services, good quality, reliable and accessible is a key element of improving the living conditions of the poor. If households believe that public services are inadequate, unreliable or corrupt efforts against poverty suffer.

Transparent and regular budget resources are a key indicator of good governance. The application of good independent audit mechanisms to monitor the process of budgetary decisions is essential to ensure transparency and proper management of public funds.

How public sector institutions manage tenders, contracts and acquisitions is an important aspect which provides an indication of the level of efficiency and transparency.

As part of an evaluation of the quality of a public service, it is important to know whether the service providers consider citizens as users or clients of the service. It is useful to define as citizens to instill an ethic of public service based on the needs of citizens as users of a service.

Poor governance and corruption contribute to increasing the problem of citizen security. The poor performance of the justice system and the lack of public confidence in the ability of law enforcement, are forced high.

Private companies can be affected in many ways by the activities of governance and regulation. Regulations and policies are necessary but can often become unnecessary barriers. The lack of transparency can help to create confusion and distortion, while corruption at government level can distort markets.

Misunderstood regulations, misapplied or poorly designed ones can create difficulties for companies and, therefore, affect the growth and economic development. So that regulations become too cumbersome and unsuitable for businesses, a regular process of consultation between the persons and entities affected by the policies and regulations and those who write is desirable. This can be used not only in the preparation of better regulations but also to incorporate information on changes in future regulations that might affect their products or production methods to enable them to make the necessary adjustments to comply .

Clarity and transparency of government actions are not only important for consultation and information on regulations and policies, but also to the process of advertisement and public procurement.

Regular and independent auditing procedures and administrative decisions concerning the budget is one of the hallmarks of good governance.

Transparent and regular consultations between users and providers of these services, or between regulators and objects of regulation and populations concerned, are another feature of good governance. Careful governance and integral implies that a citizen would want to complain or make suggestions regarding the provision of a particular public service.

To implement the principles of good governance have been issued several rules in legal and regulatory framework of each country, such as:

- Public services are organized on the basis of equal access of citizens of fair coverage of the national territory and continuity of services. They are subject to quality standards, transparency, accountability and responsibility, and are governed by the democratic values and principles enshrined in the national legislation.

- Agencies responsible for achieving and / or distributing public services perform their duties according to the principles of rule of law, neutrality, transparency, probity, and general interest. They monitor comments, suggestions and complaints of citizens.

- They reflect the management of public funds in accordance with the legislation in force and shall be subject, in this respect, the obligations of monitoring and evaluation.

- A charter utilities fixed all the rules of good governance on the functioning of government, regional and local authorities and other public bodies.

- Any person elected or appointed, exercising a public office shall establish, in accordance with the procedure established by law, a written statement of assets and assets held by it, directly or indirectly, upon taking office, during activity and upon termination thereof.

- The authorities in charge of good governance are independent. They have the support of state bodies. The law may, if necessary, create other regulatory bodies and good governance.

### **Conclusions on good governance and sustainable development**

The concept of good governance has two terms: the adjective "good" and the noun "governance", which means the way of managing public affairs. When this management is done well, we talk about good governance, in the opposite case, we speak of bad governance. Regarding the specific content of this good management and public affairs in question, that is to say, therefore, the concept of good governance itself is the subject of two designs. The first design is the fact that the very institution that has designed, birth, and promoted the concept of good governance, that is to say the World Bank (WB), which brings good governance simply economically sound management, transparent and effective of public funds.

This design known as technical manager, because highlighting the sole criterion for effectiveness of methods of economic management without any consideration of the socio-political environment within which these management methods, is thus reduced to an exclusively accounting and financial good governance: managed economically sound, transparent and efficient, and that public money available to the states by bilateral donors and multilateral agencies should initiate a process of growth and development . Adjustment that WB advocates in this context is, therefore, a purely economic adjustment. Of course good governance is under good economic governance, but economic issues, as they are culturally, socially, and especially politically located, cannot be treated ex nihilo, that is to say, without consideration of the context and environment in which they bathe and with which they have dialectical relationship positive or negative

The last two decades democratic demands have taken their account and popularized the concept of good governance in the context of a new design that transcends that of WB. According to this second design, good governance is not only a question of economic management, it also assumes above all a political system based on liberal democracy and the rule of law. In other words, it

assumes ideological pluralism, multiparty, separation of powers, universal suffrage, the legal equality of citizens, respect for human rights, an independent judiciary, a liberal state, the possibility legal certainty for citizens to attack the state and its agencies to justice, transparency in the management of public affairs, the association of this population management, in particular by means of consultation and administrative decentralization, accountability, the fight against corruption. This second design devotes a broadening of the concept of good governance, and this expansion is in line with the politicization of the concept. Good governance sought here is good democratic governance, which is at the political level. In short, with this design, policy adjustment is added to the economic adjustment to complete and ensure success.

Turning now to the notion of development, it is often perceived as the situation in a country where economic growth is faster than population growth. The link established between economic growth and development that today it is generally equated with that one measured in terms of Gross Domestic Product (GDP), and in fact, it is generally considered nowadays as developed countries are those whose GNP per capita exceeds \$ 5,000. But economic growth and development do not necessarily coincide. We talk about economic growth when there is an increase over a long period, the real GDP per capita. Growth appears as a quantitative concept because to evaluate in terms of GDP. It differs development, which is a qualitative concept, although it is are two interrelated phenomena. The qualitative nature of the development means that it boils, specifically, a qualitative improvement in the level and living conditions of the vast majority, at least, of the population in the areas of food, housing, transport, communications, education, health, leisure, freedom, employment, etc. Development, in the full sense of the term, is not only the economy, it is a global phenomenon because concerns areas as diverse as the cultural, social, political, economic, technical, the individual rights and freedoms and collective, etc. In conclusion, we can say that the true development means the development of the population of a given society, and that the intellectual, cultural, social, political, economic, material, etc.

## References

- GAO, United States General Accountability Office (2005): *Managing for Results. Enhancing Agencies Use of Performance Information for Decision Making*. GAO-05-927. (Washington, D.C., GAO).
- Ove Kaj Pedersen, Professeur et directeur de l'International Center for Business and Politics, Copenhagen Business School (2008) – *La gouvernance évolutive, le système danois d'économie négociée*, (Institut D'Administration Publique de Québec).
- Vincent Simoulin (2003) - *La gouvernance et l'action publique : le succès d'une forme simmélienne*, (LEREPS, Université des Sciences sociales, Place Anatole France, F-31042 Toulouse cedex).