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**PUBLIC GOVERNANCE**

**A BLUEPRINT FOR POLITICAL ACTION AND BETTER GOVERNMENT**

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## Abstract

This paper sets forth a comprehensive viewpoint about how Public Governance should be assessed and worked-out, by making three contributions to the subject matter. Firstly, it provides the semantics by which this field of learning and practice may become operational in Political Science. Next, a four-tiered framework of analysis is laid bare, which deals with architecture, covenants and safeguards, collective action, and deviant behavior. Afterwards, and focusing on conflict systems, we give heed to the underlying logic of Public Governance, which stems from a network built up around the mechanisms of participation, contest and safeguarding.

**JEL:** H1, H11, D70, D73

**Key words:** governance, public governance, conflict systems, institutional safeguards.

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## INTRODUCTION

Public Governance is a new approach to cope with manifold problems that currently hinder rather than help governments, and institutions as well, to duly meet their goals. Although those have been longstanding problems, Public Governance surprisingly evolved as a field of learning and practice of recent vintage.

On the one hand, it took advantage of a parallel development, called Corporate Governance<sup>2</sup>, that stemmed from Financial Economics and spread fast to Economics and Political Science<sup>3</sup>. On the other hand, the increasing scope of global institutions contributed to a new assessment of how we should reshape the architecture of nations and political systems so that they can accomplish challenges and tasks arising from an international environment amazingly different from the one we were acquainted with before the 70s<sup>4</sup>.

At last, but not least, three big events have definitely settled Public Governance as a going concern for politicians, lawmakers and decision-makers all over the world: firstly, the sweeping wave of reforms in the State structure that privatizations, deregulations and a managerial culture have brought up on a global basis since the late 70s; secondly, the fall and implosion of Communism in Eastern Europe and, thirdly, the overarching acceptance of representative democracy as the dominant political paradigm for most countries on Earth.

The roadmap for this paper is the following:

In section 1, we introduce the general meaning of governance, by showing that consists of a field of learning and practice in the making, which addresses a set of distinctive issues all related with formal or informal organizations.

The concept of governance is narrowed down in section 2, by focusing on the running of government layers and affairs, in what will be denoted as the Public Governance approach.

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<sup>2</sup> Which turns out to be a misnomer, since any organization in the private sector, not only corporations, own a governance structure.

<sup>3</sup> On the political determinants of Corporate Governance, Roe (2003) is essential, while Miller (1992) deals with managerial dilemmas and hierarchy. Background of the new approach to political architecture and governance are found in both MacIntyre (2003) and Kettl (2002).

<sup>4</sup> On this regard, Keohane (2001) conveys insightful proposals to global governance and international relationships.

It is for section 3 to frame a four- tiered structure for the analysis of Public Governance grounded on architecture, covenants and safeguards, collective action, and deviant behavior.

Section 4 brings to light the logic of Public Governance by means of theoretical connectors that fasten the four-tiered structure of analysis into a coherent setting: the study of conflicts of interests, the role of conflict-systems, the linkages provided by participation and contest and, last of all, a network of covenants and safeguards among which we are going to enlarge upon the fiduciary role, agency relationships, agenda-building, accountability, transparency, as well as checks and balances.

Lastly, in the concluding remarks, we bring the main statements and tools of analysis together, so as to exhibit the pervasive linkage between the four-tiered framework and the underlying logic of Public Governance.

This paper grows out of a line of research on public and private governance started by the author in 2000<sup>5</sup>, and intends to make three contributions:

Firstly, it sets forth both a new operational semantics and a four-tiered structure for the handling of Public Governance distinctive issues.

Secondly, it discloses the underlying logic of this field of learning and practice.

Thirdly, the paper highlights how Public Governance deals with conflict systems by means of a mechanism of safeguards and covenants.

## **1. GOVERNANCE AS A FIELD OF LEARNING AND PRACTICE**

Governance is a point in question to which many writers in social sciences and practitioners (including law-makers) have been giving their best effort and proficiency for the last three decades. However, it has not become a full-fledged discipline yet.

In the corporate realm, for instance, research dates back only to thirty years. On the other hand, systematic study in global governance has evolved along an even shorter span of time. Whereas some issues that are

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<sup>5</sup> Apreda (2000, 2001, 2003, 2005a, 2005b) goes into greater details about such line of research.

at the roots of Public Governance have been topical for ages, its expansion in a sort of independent branch of knowledge is not long past.

From a methodological viewpoint, therefore, mixed feelings arise when trying to set up a definition of governance. Rather than looking for a discipline, perhaps a more parsimonious frame of mind seems to regard the whole subject as an advancing field of learning and practice, a distinctive variety of what amount to be the scientific style of enquiry and validation<sup>6</sup>. After this cautionary note, we are going to set forth a working definition.

*Definition 1           Field of Learning and Practice*

*By a **Field of Learning and Practice**, it is understood a purposeful, enduring and rational endeavor around a particular subject whose underlying tasks are*

- *to look for principles and goals attached to that subject;*
- *to provide an explicit semantics for the core of the subject;*
- *to draw basic and derived statements from a coherent logical system;*
- *to design reliable procedures to deal with focal problems in actual practice;*
- *to gather empirical evidence on which to ground either basic or derived statements.*

Any attempt to state the meaning of governance ought to supply a framework as broad as to give account of private organizations (either for-profit or non-profit), state-owned firms, governments (inclusive of all divisions, branches and agencies), international institutions (like the United Nations, the World Bank, the International Monetary Fund, the Organization for the Economic Cooperation and Development (OECD)), and multinational regimes among several countries (as in the case of EU, NAFTA, MERCOSUR). Also, we must point to non-state organizations that have become key players in transnational relationships.

Hence, the notion of governance calls for a streamlined definition to embody the expected functions that intuition and scholarship attach to the tasks of governing organizations or systems.

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<sup>6</sup> In this section, we are taking advantage of our former paper *The Semantics of Governance*, University of Cema, Working Paper Series, number 245, (Apreda, 2003).

## Definition 2 Governance

By **Governance** we are to understand a field of learning and practice whose main targets are

- the search of principles, rules, procedures and good practices that allow organizations to be efficaciously run within the constraints of evolving and changing institutions;
- the design, implementation and follow-up of functional mechanisms for representation, voting, accountability, transparency, countervailing monitoring, incentives and standards of performance;
- the management of conflict of interests and enforceable decision authority.

The advantage of this definition lies on the flexible format it conveys, by which we can address particular shades of meaning and functions when dealing either with private, public and even global dimensions of analysis.

Against a more general background, still beyond the one pertaining organizations, **Governance** may also be defined as the art and techniques to care for the way a system, even a single situation, may work as a matter of course.

## 2. PUBLIC GOVERNANCE

Governance in the public sector of any country refers to the running of the State, taking into account the mechanisms by which the government should work well.

Whereas governance is a latecomer, Government has been a time-honored field of study and practice since human beings built up structures and arrangements for living in society. A turning point in this learning process was the **Peace of Westphalia** (1648) that stands for a watershed in History and Political Science. It added to a new framework for the understanding of international relations, whose main features were the following:

- a) there are a set of sovereign states which behave like autonomous and rational actors any time they relate with each other;

- b) these states claim the right for a distinctive territory, within which they exert full authority and control, that is to say, they become sovereign.

The territorial issue amounts to the exercise of political authority over a geographical unit. Autonomy constrains any other state to not intrude in the domestic affairs of a certain state.

It was from the Peace of Westphalia that the world has been witnessing to what extent such global arrangement evolved through an endless process of compromising its basic tenets, as Krasner (1995) so acutely remarked in his oft-quoted paper. It is hardly surprising that such a process might have fostered the interest in encompassing topics around the State and its government to the extent of setting the foundations for a scholarly field of inquiry and practice, to be undertaken independently from philosophical analysis.

As regards Public Governance, however, academic and political involvement with this matter goes further back only three decades. It focuses neither in what the nature of government adds up to, nor intends to provide a theory about the management of government, both topics primarily found in the realm of the Political Science. Instead, Public Governance deals with governing structures and attempts to cope with a set of distinctive issues that overlap with Economics, Political Science, International Relations and Law.

After these prefatory remarks, we intend to frame a suitable meaning of Public Governance<sup>7</sup>.

*Definition 3            Public Governance*

By **Public Governance** is meant the kind of governance that deals with organizations in representative democracies, bringing the following levels of analysis into focus:

- *The Founding Charter, Bill of Rights and the legal system of the underlying political system.*
- *Institutional design: electoral system, representation mechanisms, the structure of separation of powers and the exercise of authority.*

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<sup>7</sup> Contrast with definition 2 above. For a comprehensive account on the overlapping with corporate and global governance, see Apreda (2003).

- *The processes by which government officials, representatives, and the judiciary are appointed, monitored, and replaced; the design of the governmental bureaucracy and its management.*
- *The fiduciary role, agency relationships, agenda-building, accountability and transparency, as well as the whole array of checks and balances.*
- *Integrity of the Judiciary; law enforcement; property rights.*
- *The role of collective action: participation and opposition, political parties, groups of interest, veto-players, gatekeepers, and the media.*
- *Rent-seeking, soft-budget constraint, political clientelism, state-capture, tunneling, and corruption.*

It could be argued that a wide-ranging meaning of public governance would have come in handy to encompassing other political systems at variance with representative democracies. Although this track is feasible, we narrow down the scope of the definition to **representative democracies**, whose main institutional features were so clearly depicted by Przeworski et al. (1999):

- a) Rulers, those who govern, are selected through elections.
- b) While citizens are free to discuss, criticize, and demand at all times, they are not able to give legally binding instructions to the government.
- c) Rulers are subject to periodic elections.

We have to bear in mind, however, that public governance also refers to smaller units in the State, like provinces (states), councils in towns and cities, legislative branches, government agencies, governors or mayors' offices, defense and security's structures, and the like.

Before governance reached recognition as a field of learning and practice in the 70s, many scholars had delved into the variance and similarities between Political Theory and Organization Theory. On this account, Kaufmann (1964) did a remarkable job, trying to build a bridge to link both theories. More recently, the World Bank (1994) stressed the meaning of governance as follows:

*Good governance is epitomized by predictable, open, and enlightened policy making (that is, transparent processes); a bureaucracy imbued with a professional ethos; an executive arm of government accountable for its actions; and a strong civil society participating in public affairs; and all behaving under the rule of law.*



## 2.1 GOVERNMENT, GOVERNANCE AND GOVERNABILITY

At this juncture, it seems worthy of being recalled how Robert Dahl (1963) defined a **political system** as

*permanent patterns of human relationships involved with control, influence, power or authority.*

When those patterns develop into institutions, Dahl states that they turn into

*political roles, or offices, and the collection of offices in a political system constitutes the **government** of that system.*

Therefore, and taking advantage of our definition of Public Governance, we see that although there are differences between government and governance, a deep linkage can be tracked down on these concepts: the latter turns out to be the discussion and design of both means and ends for the former, within the context provided by certain political system.

However, there are stringent distinctions between government and governance. For instance, an expert in Public Administration as Kettl (2002) underlines the contrast this fashion:

- a) **government**, which he defines as the set of institutions that deal with authority and bring about formal obligations among citizens,
- b) and **governance**, regarded by him as the set of processes and institutions, formal or informal, through which social action takes place.

As for **governability**, it usually means an environment in which the successful governing ensues as a matter of course. In other words, it amounts to the condition of governableness. When a government loses ground, for instance through an impending crisis, policy failures, fierce opposition or people revolt, it is said that governability is threatened, even to the extent of toppling the incumbent government. In such environment governance stands by ready to provide safeguards to the political system and avoid disruptions, and grant the fulfillment of the constitutional covenants<sup>8</sup>.

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<sup>8</sup> This remark is furthered later in section 4.2, that handles the topic of conflict systems.

Last, but not least, governance is not only an outcome from the encompassing political system. In fact, we can perturb, even change the political system by drawing up a new governance structure, as the Founding Fathers did in Philadelphia, firstly in 1776 with the Declaration of Independence, and secondly in 1787 with the United States Constitution.

### **3. A FOUR-TIERED FRAMEWORK FOR THE ANALYSIS OF PUBLIC GOVERNANCE**

If we closely reviewed the inner frame of Definition 3, we could single out four layers that are embedded in such definition and become indispensable for the analysis of public governance.

- a) to begin with, we find the architectural features of governance;
- b) next, there is a complex set of inbuilt safeguards to prevent the governance design from pervading conflicts of interests and deviant behavior;
- c) afterwards, heed is given to participation mechanisms through collective action;
- d) lastly, the definition focuses on some outstanding patterns of deviant behavior.

After describing each level in turn, I will move on to next section and deal with the underlying logic in the whole construct of public governance.

#### LEVEL OF ARCHITECTURE

There are three topics addressed in Definition 3 that distinctively point to the architecture of public governance, namely:

- *The Founding Charter, Bill of Rights and the legal structure of the underlying political system.*
- *Institutional design: electoral system, representation mechanisms, the structure of separation of power and the exercise of authority.*
- *The processes by which government officials, representatives, and the judiciary are appointed, monitored, and replaced; the design of the governmental bureaucracy and its management.*

Any governance structure is grounded on a basic contract, the founding charter or Constitution, by which the goals to be pursued and the key rules of the game are made explicit. In keeping with this requirement, the constitutional compact becomes functional and enforceable only when a legal structure grows out of the surrounding political system.

But the government is managed by either elected or appointed agents, a fact which calls for an institutional design that spells out how they could be elected, and their representation measured up to their actual performance.

The political system being based on the exercise of authority, this feature must be painstakingly brought to light, which presupposes to draw up a scheme of separation of powers between a legislative body which passes laws, the judiciary which enforces the law, and the executive which runs the government.

Ultimately, organizations and arrangements in the public sector hang on a permanent staff of people with expertise, qualifications and proficiency at dealing with the daily tasks of the government. This amounts to a bureaucracy to be managed as efficiently as it is possible, to the extent that patterns of behavior are most important than officials filling the slots in flesh. As Chester Barnard (1938) put it:

*“(any) organization is taken to consist of human activities, rather than human beings.”*

## LEVEL OF SAFEGUARDS

This level is depicted by means of the following items in the definition:

- *The fiduciary role, agency relationships, agenda-building, accountability, transparency and the whole array of checks and balances.*
- *Integrity of the Judiciary; law enforcement; property rights.*

Whereas architecture provides the governance structure with its defining blueprint, a network of covenants and safeguards must be set up in representative democracies, so that the whole system could be kept performing without the entrenchment of factions or minorities that could carry out abuse of power, authoritarian patterns of ruling, as well a variety of deviant behavior.

Safeguards prevent conflicts of interests from running wild. For them to fulfill their function efficaciously, however, governance take for granted the integrity of the Judiciary and law enforcement, and also watch over the custody of property rights<sup>9</sup>.

#### LEVEL OF COLLECTIVE ACTION

- *The role of collective action: participation and opposition, political parties, groups of interest, veto-players, gatekeepers, and the media.*

Governance barely consists of architecture and a system of safeguards only, since it thrives out of a political system. Therefore, collective action is a force to be reckoned with, through the competition of well-defined patterns of organized behavior like those found in political parties, groups of interests, veto-players, gatekeepers and the media. Their main task is to exercise voice in the natural inputs of any political system (for instance, the demands and support of the constituency; the wide array of claims and counterclaims of groups of interests) as well their output (decisions or policies carried out by the incumbent government; the empowerment of minority rights).

Collective action takes place through social groups, a topic that was systematically discussed for the first time by Arthur Bentley, who remarked in his path-breaking book *The Process of Government* (1908, p. 269):

*All phenomena of government are phenomena of groups pressing one another, forming one another, and pushing out new groups and group representatives (the organs or agencies of government) to mediate the adjustments. It is only as we isolate these group activities, determine their representative values, and get the whole process stated in terms of them, that we approach to a satisfactory knowledge of government.*

On a narrower focus, Salisbury (1969) stressed the viewpoint of interest groups as exchange relationships, which is a suitable mindset when dealing with political organizations that are the main concern of Public Governance. To put it with his own words:

*Interest groups origins, growth, death, and associated lobbying activity may all be better explained if we regard them as exchange relationships between entrepreneurs (organizers), who invest capital in a set of benefits, which they offer to prospective members at a price-membership.*

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<sup>9</sup> We are going to further this subject matter in section 4.4, devoted to the way Public Governance can deal with conflict systems.

## LEVEL OF DEVIANT BEHAVIOR

- *Rent-seeking, soft-budget constraint, political clientelism, state-capture, tunneling and corruption.*

At the root of any founding charter there is a recognition that if men were angels, we would need neither constitution nor laws, as James Madison spelled out in Federalist<sup>10</sup> number 51:

*Ambition must be made to counteract ambition. The interest of the man must be connected with the constitutional rights of the place. It may be a reflection of human nature that such devices should be necessary to control the abuses of government. But what is government itself but the greatest of all reflections on human nature? If men were angels, no government would be necessary.*

Deviant behavior is a fact of life, and must be taken into account the same way we do with illnesses or ecological threats, since it gives rise to dysfunctionalities throughout any likely governance design.

Outstanding examples of deviant behavior in Public Governance come portrayed by rent-seeking, soft-budget constraints, political clientelism, the capture of the state and tunneling. All these patterns of conduct amount to distinctive and pervading opportunistic behavior with guile, performed by representatives, public officials and politicians for their private gains, that is to say, **corruption**<sup>11</sup> in government and high politics.

Notionally introduced by Tullock (1967, 1993), the expression **rent-seeking** was firstly coined by Krueger (1974). It primarily conveys the idea of rational and self-seeking behavior that redistributes resources available to society. Tullock highlighted that lobbies are encouraged to effect wealth transfers by means of the government in a negative sum game as economic agents invest resources to profit from those transfers or forestall them from taking place. On the other hand, he laid stress on the fact that rent-seeking behavior has double costs: the distortionary effect of the rent itself, and the diversion of productive resources towards competition for the prize of the rent<sup>12</sup>.

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<sup>10</sup> *The Federalist Papers*, edited by I. Krammic, Viking Penguin, 1987.

<sup>11</sup> It is worthy of being remembered here how Robert Brooks, as early as in 1909, defined **corruption**, as consisting in “the intentional misperformance or neglect of a recognized duty, or the unwarranted excess of power, with the motive of gaining some advantage more or less directly personal.” (Political Science Quarterly, volume 24, number 1, p. 4)

<sup>12</sup> A further development of this topic, in connection with corporate governance, can be found in Apreda (2005c).

The phrase **Soft-Budget Constraints** points to the following environment: an unprofitable and failing company is bailed out either by the government or the company's creditors, regardless whether it is a company in the private or the public sector of the economy. In other words, instead of keeping a tight budget, managers can soften the underlying constraints because additional cash flows are likely to come out of the government or creditors' pockets, discouraging therefore a culture of financial discipline and responsibility. This was an issue firstly advanced by Kornai (1979) in the context of socialist economies, and then it was extended to capitalist economies, an updating of which can be found in Maskin (1999)<sup>13</sup>.

By **State-Capture** is meant the efforts of business groups, trade unions, or non-governmental organizations to shape and influence the underlying rules of the game, mainly through the passing of laws that could benefit them, with an utter disregard of other sectors in society. In general, there is a trade-off of reciprocal favors between these stakeholders and the incumbent government, mainly under the guise of electoral and financial support for oncoming political campaigns<sup>14</sup>.

**Tunneling** consists in the hidden deviation, or the outright expropriation, of public resources in pursuit of non-accountable goals, and to the benefit of government officials, law-makers, the judiciary and political parties, union leaders, businessmen and politicians alike.

The term was coined by researchers who were studying corporate governance crisis in emergent markets, in particular the one that took place in the Czech Republic (see, for example, Johnson et al. 2000). Among the main examples of this political perversion, we can highlight the following:

- a) To enrich government officials that steal and send the funds abroad to personal banking accounts in fiscal heavens or countries that are not concerned too much about the sources of such investments.
- b) **Political Clientelism**: the use of public funds to foster political ventures and reward party loyalty or groups of interests that behave like staunch supporters of the party in office; to finance electoral campaigns and to buy legislation; to provide with employment in the public sector to allies in any political engineering; to grant

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<sup>13</sup> See footnote 12.

<sup>14</sup> Hellman et al. (2000) give a useful account of this issue in the World Bank report, *Measuring Governance, Corruption and State Capture*.

- business groups with favors in exchange for their backing. On this regard, some authors, like Sorauf (1959), draw a tight difference between patronage and this meaning of clientelism; while others, like Jonathan Fox (1994), argue that there is a long way from clientelism to citizenship<sup>15</sup>.
- c) To allocate resources to some chosen states (or provinces) instead of distributing them among other states, only because the government need to influence the former ones or reap electoral advantages from their support.
  - d) To set up regulations that favor state owned companies or banks hurting private actors' businesses.
  - e) A long-standing tradition among Latin-American politicians seems to be the assumption that, because they devote their lives to "public service", once in office they are entitled to claim personal ownership over the monetary resources of the state. In fact, they behave as if those resources were theirs and, hence, there is no duty to be held accountable to people on how they make up their minds about the allocation of those funds. This perverse, and most of the time criminal, development shows a devastating case in point for Tunneling and it could be labeled "the public money belongs to the party in office".<sup>16</sup>

#### 4. THE UNDERLYING LOGIC OF PUBLIC GOVERNANCE

When we turn to the underlying logic of Public Governance, we find out four theoretical connectors that fasten together the whole construct and stand by giving coherence to this field of learning and practice, namely

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<sup>15</sup> "A wide range of political systems, including many that hold regular elections, oblige the poor to sacrifice their political rights if they want access to distributional programs. Such conditionality interferes with the exercise of citizenship rights and therefore undermine the consolidation of democratic regimes. These relation of domination can be broadly understood in terms of *clientelism*, a relation based on political subordination in exchange for material resources."

<sup>16</sup> World Bank's experts attempt to measure governance through a wide array of indicators. For example, they have been resorting to "quality of bureaucracy" and the "level of corruption" (World Bank Governance: The World Bank Experience, 1994).

- i. the study of conflicts of interests;
- ii. the role of conflict-systems;
- iii. participation and contest mechanisms;
- iv. the network of safeguards.

#### 4.1 **CONFLICTS OF INTERESTS**

The study of conflicts of interest and the incentives for political agents to bring their personal goals into alignment with those of other actors or organizations to which they bind eventually, it has brought about a fertile subject for the last thirty years<sup>17</sup>. A definition will come in handy to our line of argument.

##### *Definition 5 Conflicts of interests*

*We are going to say that economic actors **A** y **B** face or bear a **conflict of interest** when both are related in a context with the following features:*

*the actor **A**'s interests are not fully compatible with those of actor **B**'s;*

*such situation stems, firstly, from the fact that some of their interests, at least, markedly differ;*

*or, secondly, from the fact that the fulfillment of **A**'s interests could not be successfully pursued if **B** attempted his own ones as well.*

Political actors are forward-looking and end-seeker creatures. Therefore, **A** and **B** are likely to clash over their preferences, whenever they can not attain them at the same time or under the same circumstances.

This is a flexible format of definition, to the extent that we can use it when a single actor suffers a conflict of interests between two activities or personal choices. For example, Mr. X could play a role R1 in performing like the company's CEO and, at the same time, following a role R2 in acting as representative in the City Hall <sup>18</sup> at his town of residence. Broadly speaking, conflicts of interests can be classified as positive or negatives.

<sup>17</sup> A comprehensive development in Apreda (2002a and 2005c).

<sup>18</sup> This example is at the core of the current debate on independent directors, after the wave of corporate scandals among which Enron and World Com became leading cases (Apreda, 2002b).



By **positive conflicts of interests** we mean those that arise in competitive contexts in which the relationships, tasks, and expectations voluntarily follow enforceable rules of the game. Several examples come out of sports, suppliers' contests, free-markets, language proficiency examinations, entrance tests to universities, electoral campaigns in representative democracies, as well artistic or academic contests in pursuit of scholarships, appointments or rewards.

In contrast, we say that **conflicts of interest are negative** when they unfold through a pattern like this one:

- **A** and **B** realize there is a conflict of interest between them;
- there is a growing awareness that chances could be profitable for one of the parties to the detriment of the other;
- the time comes when one of the actors makes up her mind to not follow the rules of the game by the book, and then she pursues her own personal agenda showing disregard of the counterpart.

This development of negative conflicts of interest rests at the root of many issues arising in Public Governance, accounting for the failure to hold up healthy political coalitions, the pervading frailty of international relations, or the difficult trade off between short- and long-term plans for any sustainable process of government.

From the perspective we get from this environment, two or more political actors could find that their preferences cannot hold at the same time. Therefore, they must contest to get their expectations and goals fulfilled in due course. It is for representative democracies to shape the rules of the game so that the contest is kept running, mainly through political parties, voting procedures, groups of interest, and reputable gatekeepers.

## **4.2 CONFLICT- SYSTEMS**

There is a common thread that runs through the four levels of analysis upon which we can ground Public Governance; it is conveyed by the notion of a purposive system with conflicts. Let us move on, firstly, to frame the meaning of purpose-built systems and, secondly, to handle the basic features of those systems where conflicts arise as a fact of life.

- ***Purposive Systems***

It is conventionally held that a purposive system is defined as any set of components that are linked by explicit relationships in the pursuit of one or

more goals. Let us see how the four levels already developed in section 3, can shape up a purposive system eventually.

<i>Components</i>	political actors, either groups or individuals, make for the elementary components of this structure. Their activities become meaningful either in the levels of collective action or those of deviant behavior. The fabric of this structure are political actions, which arrange themselves by means of performing roles and the working of groups of interest.
<i>Relationships</i>	interactions among the elementary components make sense within the context of the level of architecture and also the level of safeguards. They furnish social and political rules of the game by which political agents carry out their actions eventually.
<i>Goals</i>	they stem from the level of architecture, setting the pace to accomplish means and ends meaningfully.

Looking for a deeper understanding of this concept, we must bear in mind that political purposive systems are complex to the extent of featuring the **agent-structure problem** that Wendt (1987) shaped in this fashion:

- a) *human beings and organizations are purposeful actors whose actions help reproduce or transform the society in which they live;*
- b) *society is made up of social relationships, which structure the interactions between these purposeful actors.*

Among other reasons, the agent-structure problem supplies information about the pervading ways Public Governance structures may recast or change the surrounding political system.

- **Conflict-Systems**

In an insightful paper published in the early 60s, James March introduced the idea of conflict-systems, which helped him to shape a perspective from which organizations in the private sector could be regarded as political coalitions. It was not surprising that this work came out in *The Journal of Politics*<sup>19</sup> since the whole approach intended to become consequential for political analysis as well.

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<sup>19</sup> James March (1962), *The Business Firm as a Political Coalition*, *The Journal of Politics*, volume 24, number 4, pp. 662-678.

By a **conflict-system** it is meant a purposive system in which

- a) the elementary components in the system are able to make a choice among alternative states of the system;
- b) there is conflict that arises from the fact that most preferred states of all the elementary components cannot be fulfilled at the same time.

It follows from this discussion that Public Governance should be regarded as the management of four-tiered purposive systems pervaded by conflicts of interests. That means that the sum and substance in the governance of the public sector is aimed at the resolution of conflicts of interests.

Nothing could be further from the truth if we assume that the logic of governance does not also foster its own dynamics, which stems from the conflict-system itself. In general, and according to Jervis (1997), for purposive systems to become suitable in the analysis of political interactions and structures, we have to bear in mind the following characteristics:

- a) Elementary components are so deeply related that changes in a group of them brings about changes in other groups of components within the system.
- b) The whole arrangement of components, relationships, and goals, convey some features and patterns of behavior that are different from the ones we can find out of the single components. In other words, the whole cannot be explained by the summation of its building parts.
- c) Political actors do not carry out only one action at the time. On the contrary, they attempt and follow up manifold activities simultaneously.
- d) Frequently, actions disclose unintended consequences on different actors, even upon the system itself.

### **4.3 PARTICIPATION AND CONTEST**

Looking for a key characteristic of a democracy, Robert Dahl (1971) argued that such distinguishing feature could be the continuing responsiveness of the government to the preferences of its citizens. For Dahl, this amounts to the fulfillment of the following conditions:

- a) citizens have right to make known their preferences;
- b) to signify their preferences to government and other political actors by means of individual or collective action;
- c) to secure from the government a receptive and fair understanding of their preferences.

In fact, any process of democratization involves two overlapping and persistent activities, namely the right to participate, and the exercise of public contestation. The latter measures up how liberal or competitive the political system becomes, by enabling opposition and citizens altogether to voice their preferences. The former signals the extent of inclusiveness we can find out in that political system; in other words, how many of its citizens are allowed to participate in full, mainly through the empowerment of the voting franchise. Those systems that can exhibit such levels of collective action so that participation and opposition reach the highest degree of development are called Polyarchies<sup>20</sup>.

Public Governance deals with conflict-systems that are complex, purposive and highly dynamic, because they change and evolve as time passes by. Among the many mechanisms that foster their dynamics, we are going to single out three illustrations that shed light on usual paths for participation and contest through political action: loyalty, voice and exit.

Although the distinctive semantics for these words was firstly coined and expanded on by Hirschman in his already classic book (1977), he gave only scant heed to the public sector in that work. However, Hirschman later faced this topic again in a perceptive paper<sup>21</sup> published in *World Politics* in 1978. We believe that his viewpoint is consequential for us to understand the logic of the Public Governance.

Political agents or groups have manifold resources and paths of action to stand together for the political system, the government policy-making, the incumbent party in power, the state of the country, or the shape of the Fiscal Budget, just to underline some current examples. These are collective agreements that amount to loyal behavior. In fact, the better the governance, the more likely **loyalty** will follow as a matter of course. The logic of loyalty leads to mechanisms of support.

We mean that actor **A supports** actor **B** either when:

<sup>20</sup> Robert Dahl (1971). *Polyarchy*. Yale University Press.

<sup>21</sup> *Exit, Voice and the State*, World Politics, volume 31, number 1, pp. 90-107.

- a) **A** acts on behalf of **B**;
- b) **A** agrees and looks for **B**'s goals or actions.

That is to say, support ranges from broad cooperation levels, as it is conveyed in a), to advocacy and involvement.

Taking the opposite standpoint, what can be said when disagreement, lurking conflicts of interests, widespread discontent, even displays of rage, turmoil and crisis spring up to surface? In those circumstances, political agents in representative democracies get access to a couple of behavioral resources: "voice" and "exit".

Either we can voice our claims within the current governance so as to get the grievances redressed, or we can exit by rejecting the governance in disagreement with its tenets or the ongoing development of political affairs.

In the first environment, **voice** works as an insider force that attempts to improve, overhaul, or change some faulty components, relationships or goals in the Public Governance, regarded as a purposive system. At the architecture level, this amounts to reframe prevailing charters, institutions, or laws. Perhaps the problem lies with safeguards that become dysfunctional or non-enforceable. Surely, voice arises whenever deviant behavior has grown beyond the threshold of passions and interests. "Voice" calls for collective action to be heard so as to find responsiveness and the redress of the wrongdoings.

But there are many settings in which voice is not successful, or the cost-benefit ratio ends up so high that it prevents the claimers from being successful. In representative democracies the most usual **exit** device consists either in voting against the incumbent representatives or withdrawing political support.

There are three other devices that could be added for the sake of understanding what "exit" really means, namely the mobility of financial assets, migration of people and, as a last resort, revolution. Whenever financial assets flee the country we face a powerful signal about mistrust, discontent, fear, or mounting unemployment. The more global and interconnected the world becomes, the stronger this "exit" behavior grows, pressing the incumbent government to cope with the crisis, or fostering the opposition to quicken the ousting of the party in office. On the other hand, migration consists in the voluntary crossing of the borders in pursuit of other home that could offer emigrants an environment in which they can find a more suitable governance to live in.

**Exit** seems to be a worrisome subject, mainly because of its double-edged nature.

- a) When it does mean voting or withdrawing political support, we exit without departing from the public governance to which we belong. Plainly, we follow the book, agreeing to the constraints set by the rules of the game. The architecture level provides room for granting “exit” mechanisms from within the institutional design, and collective action brings about political withdrawals by means of political parties, veto players, groups of interest and the watchdogs of the system (including the media).
- b) But the other face of the coin shows the political agent or group exiting the governance itself. At this point, “exit” stands for utter rejection, and it can end up in civil disobedience, revolt or revolution, as an attempt to change the current governance setting.

#### **4.4 HOW DO PUBLIC GOVERNANCE DEAL WITH CONFLICT SYSTEMS? (THE NETWORK OF COVENANTS AND SAFEGUARDS)**

When we give heed to the underlying logic of Public Governance, we must wonder how this field of learning and practice becomes suitable for dealing with conflict-systems.

The answer is provided by Definition 3, which conveys mechanisms for conflict resolution, by means of a network of covenants and safeguards:

- the fiduciary role,
- agency relationships,
- agenda-building,
- accountability,
- transparency,
- checks and balances.

#### ***THE FIDUCIARY ROLE***

By **fiduciary agent** it is usually meant “*one who owes to another the duties of good faith, trust, confidence and candor*” (The Black’s Law Dictionary).

A natural extension of this meaning is given by the same source, and it applies to any **fiduciary relationship**, in which

*“one actor is under a duty to act for the benefit of other actor, on matters within the scope of the relationship.”*

Outstanding examples of this relationship are found in those linking trustees with beneficiaries, agents with principals, attorneys with clients.

In representative democracies the fiduciary role can be regarded its foundational feature, being its most important illustration the covenant between citizens and representatives.

### **AGENCY RELATIONSHIPS**

The common feature behind this sort of relationship shows that one of the parties, the agent, willingly behaves on behalf of the other, the principal, who grants compensation on account of effort and diligence. Such consequential notion calls for more precision.

*Definition 6            Agency relationship*

*We say that between actors **A** and **P** (single or collective) there is an **agency relationship** when they carry out the following agreement:*

*Firstly, actor A, known as the **agent**, commits effort, capacity and diligence on behalf of P;*

*Secondly, actor P, known as the **principal**, commits compensation and incentives to the agent;*

*Lastly, either explicitly or implicitly, the relationship binds agent and principal to their mutual advantage.*

In order to deal with this important covenant in a functional way, some remarks are worthy of being noticed:

- a) in general, the principal endows the agent with decision-making rights;
- b) there can be one or more principals, one or more agents<sup>22</sup>;
- c) whereas the actor will perform as principal in a context, he becomes an agent in another context;

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<sup>22</sup> Teamwork as a source of agency problems is of the essence for the study of organizations (Miller, 1992).

- d) the agency relationship may be regarded as an instance of a fiduciary relationship;
- e) compensation does not stand for monetary rewards only, since political actors frequently seek public goals like reputation, a call for service, the feeling of civic commitment, even the seeking of power.

Representatives and public officials behave as agents of citizens, but they become the rulers of their principals who submit, even with coercion, to the consequences of government's decisions.

### **AGENDA-BUILDING**

For Public Governance to grant responsiveness from the incumbent government to the manifold desires and wishes of the people, the architecture level must supply the blueprint for action, which leads to the issue of agenda building for decision-making processes. Not surprisingly, agenda-building is a key feature of political decision-making.

*By **agenda-building** it is meant the process by which the relevant decision-makers could commit due care as well as diligence to those issues that become worthy of being discussed on the grounds of public concerns, social disagreements or political controversies.*

For the sake of argument, it is advisable to single out two broad types of agendas<sup>23</sup>:

- a) The **public agenda**, which consists of issues that translate a demand for action and reach a level of public exposure so that they must be noticed.
- b) The **formal agenda**, which consists of those issues that decision-makers choose to add to the current agenda of discussion.

When negotiating, political actors set up their **personal agendas**, which consist of accessible options they keep open, either to choose one among them or to have them in store for forward decision-making. However, this is a misleading definition unless we lay bare two features that hinge upon any sensible discussion of the issue:

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<sup>23</sup> This approach was firstly suggested by Cobb and Elder (1971); lately, its scope was widened by Cobb, Ross and Ross (1976). Public and formal agendas were also labeled systemic and institutional agendas, respectively.



- asymmetric information;
- transaction costs.

Different endowments of information make some actors more powerful than others, and the problem is compounded by opportunistic behavior from the side of some players. Transaction costs prevent weak actors with fewer resources from contesting and prevailing over stronger ones.

If we move on to agendas that have to be settled for a group of actors, then we could be entangled in a daunting task, because this time we have to cope with an agenda that arises from collective action. This is the point where the Fiduciary Role set a plausible benchmark on behalf of the participants and provides with a standard of fairness on the thorny issue of controlling the agenda .

Therefore, when we deal with a **collective agenda-setting problem**, the distinctive question we should have to raise seems the following:

*What is the extent of influence for any political actor to decide which are the options that must be included, and which are the ones that should be ruled out?*

To enhance public governance, political agents must live up to their fiduciary expectations when they try to answer the former question. In a nutshell:

**Agenda-setting** is a task in which each political actor taking part in the negotiation has forcefulness, voice and vote. Only when this is granted, we can say that agenda-building becomes a covenant.

## **ACCOUNTABILITY**

Either in private or public environments, “accountability” is regarded as a functional device to grant a sustainable governance. Accountability is a relational notion, that is to say, it involves two parties, each of which can be single or complex. Usually, it comes to be defined<sup>24</sup> as the state of being responsible or answerable, but this perspective neglects a crucial component that makes for the foundation of this concept: the underlying prior commitments. Hence, it seems advisable to shape a more comprehensive meaning<sup>25</sup>.

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<sup>24</sup> See, for instance, the Black’s Law Dictionary.

<sup>25</sup> This task has earlier been attempted by Apreda (2003, 2005b).

#### *Definition 4          Accountability*

By **Accountability** is meant a relationship that takes place between two parties and that can be broken down into complementary layers of practice, the first one before the facts evolve, the other one while the facts evolve or come to fulfillment:

- a) *Ex-ante practice: one party commits something to be done on behalf of another*
- b) *Ex-post practice: by which the same party is held to account for the performance of his commitment to the other.*

To put this formal format in plain words, accountability deals not only with responsibility, as it is customarily stressed, but also with a previous commitment from which responsibility can be claimed. In a political system, accountability allows citizens to control the running of the State and the government policies.

#### **TRANSPARENCY**

On the side of responsibilities there are mechanisms to hold representatives and officials accountable, like regular general elections and law enforcement. In keeping with accountability, and from the side of commitments, we must bring the subject of transparency into focus.

As far as **transparency** is concerned, it has to do with information about actions and characteristics deployed by the actors in any relationship. The more transparency we assure, the more functional our information becomes for reaching high levels of accountability.

*For the information to be **transparent**, we request from it to be produced in timely, reliably, meaningful, and testable fashion, with full disclosure of sources.*

In fact, transparency allows to assess whether people and organizations behavior are responsible in the sense of being explainable, which leads to a considered decision-making with due regard for the consequences.

#### **CHECKS AND BALANCES**

In dealing with political actors and their organizations, we must build up constraints to groups' behavior, so as to preclude the exercise of arbitrary power or influence that could bring harm to other groups' interests. A

representative democracy can be regarded as a system that controls groups and government agencies, and provides countervailing procedures to redress any flouting of the Constitution and the Law. In other words:

*By **Checks and Balances**, we understand a system by which some group of political actors in the government can restrain other groups from becoming too powerful or influential, by setting up standards of agreement about what kind of actions or decisions abide by the law and the constitution.*

For example, branches in a system of separate powers are subject to political discipline through the mechanisms of appointment and budget allocation, as well as discharge procedures and legislative overruling.

It seems worthy of being noticed the actual contrast between the so-called principle of separation of powers and the principle of checks and balances. The former amounts to three functions of government that are entrusted to different branches. The latter conveys the idea of any branch checking functions of the others (for instance, by means of veto-playing or constitutional review).

On the grounds of separation of powers, checks and balances allow any branch of the government (legislative, executive and judicial) to audit the actions of any other, so that neither of them could encroach in their counterparts' distinctive duties and tasks. As Madison<sup>26</sup> spelled out in Federalist 51:

*If angels were to govern men, neither external nor internal controls on government would be necessary. In framing a government which is to be administered by men over men, the great difficulty lies in this: you must first enable the government to control the governed; and in the next place oblige it to control itself. A dependence on the people, is no doubt, the primary control on the government; but experience has taught mankind the necessity of auxiliary precautions.*

## **CONCLUDING REMARKS**

Our starting point was the laying of semantical foundations for Public Governance, an option intended to enhance the study of this subject-matter. In fact, the inner structure of the chosen definition directly led to a four-tiered framework of inquiry, which enables the study of single

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<sup>26</sup> See footnote 9.

governances, as well as the comparison and contrast of actual governances arising in the real world.

Such framework (see the exhibit in next page) comprises four levels of analysis, namely

- a) architecture, which furnishes the rules of the game for alternative institutional environments;
- b) safeguards, which stands as a network of covenants and resources to keep the governance structure running steadily so as to meet its goals;
- c) collective action, by which political actors and groups participate and contest, bringing about a dynamics without which governance could not become a blueprint for action and government;
- d) deviant behavior, whose study of which prevent disfunctionalities from putting the governance in peril.

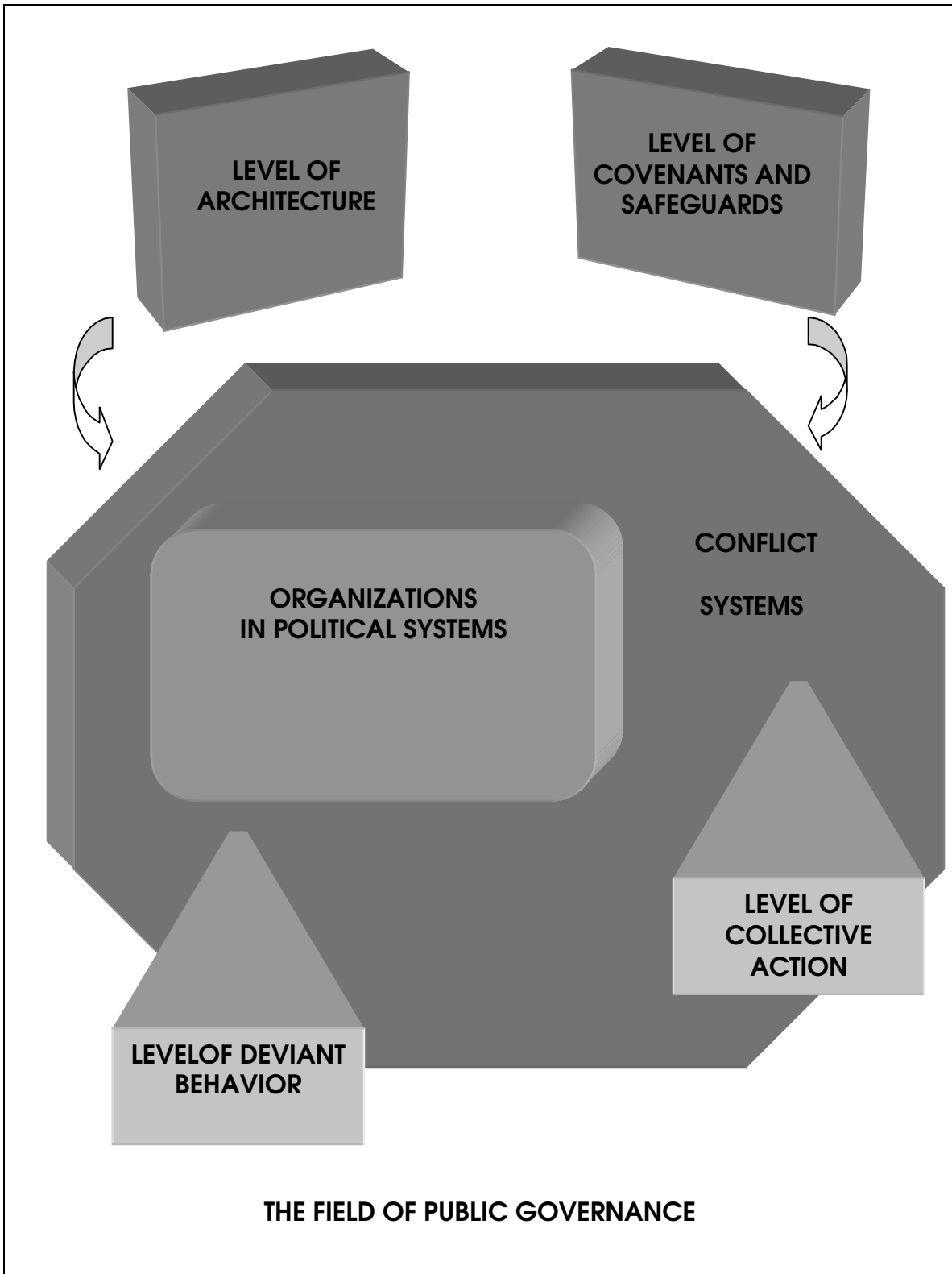
After developing our approach to Public Governance, we looked into the underlying logic of the construct, mainly to answer two demanding questions that should not be sidestepped:

- i) What are the inner workings of Public Governance?
- ii) How is it that Public Governance becomes so relevant and close to the facts?

To answer these questions, we delved into four issues that stay at the roots of any governance design, namely

- a) conflict of interests;
- b) the role of conflict systems;
- c) participation and contest;
- d) the network of covenants and safeguards.

These factors map onto the four-tiered framework, since both are pervasively overlapping each other, so as to make meaningful the core task of Public Governance: to perform as a blueprint for political action and better government.



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