

FROM HERE TO DENMARK

THE IMPORTANCE OF INSTITUTIONS FOR GOOD GOVERNANCE

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Good governance is good development

Conducive to economic growth and higher incomes
(freedom from want)

More importantly, leads to greater freedoms from violence,
and injustice

Governance is about the process of governing a society to provide
its citizens such freedoms

‘Where the mind is free and the head is held
high’

Tagore

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Here : marked by Poor Governance
Denmark: Good governance

The Journey from Here to Denmark is a quest for good
governance

Our book is about this journey

For a successful journey to Denmark, need robust, inclusive
institutions

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Institutions are rules- formal and informal- of how a society conducts itself

Formal institutions: constitutions, laws, regulations

By now, most countries have the formal institutions in place

Informal institutions: social conventions, norms and beliefs

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Why are laws followed somewhere but are only 'ink on paper' elsewhere ?

Answer: Differences in informal institutions

These have evolved over centuries and have long staying
powers

Critical for conduct of affairs in Society

But they can also be harmful to social cooperation and welfare

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Need to revisit three fundamental assumptions of neo classical economics which are misleading:

Societies provide open, fair access to all

All citizens have equal voice

Humans are perfectly rational

Need to consider social, political and behavioural aspects

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Assuring that informal institutions are not immutable either.

Many around the world have changed , sometimes quite rapidly

Critical Role of Human Agency- health and education - in doing so

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Challenges in reforming the three primary institutions governing Society :

State: Shackling the Leviathan (The Narrow Corridor)

Markets: Taming the Behemoth

Community : New Localism (Decentralisation, Subsidiarity Principle)

The three institutions need to balance each other

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For the community to play its role effectively , people need to have enough human agency (education and health)

The community needs to be empowered by the State to have a voice in the conduct of the society

Experience of the Six Countries (Denmark, Great Britain, Japan, Korea, Botswana, Uruguay) studied bear out the above observations

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Journey from Here to Denmark is a journey seeking
good governance for all

But institutional reforms to deliver thus will not happen simply by
wishing to get to Denmark

There has to be demand for good governance from the governed

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Ten mega trends - which individually and collectively will increase such demand

- Spread of education
- Growing size of middle class
 - Rapid urbanization
- Rising inequalities within countries
 - Climate Change
 - Technological Progress
 - ICT Revolution
- Growing influence of Civic Society
- Accelerated spread of Social Media
 - Rise of Emerging Economies

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Institutions are context specific and cannot be transplanted from elsewhere

Human agency (education and health) and empowerment of the community are critical

Message of history: the arc of the Journey does bend towards Denmark

But the journey will neither be easy nor quick.

A successful journey from Here to Denmark is plausible but not preordained.

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No easy blue print for institutional reforms

Each country will have to find its own
way

We have identified human agency and empowerment as crucial common elements of strengthening institutions

What has been your experience?

Your advice?

MANY THANKS