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Varieties of Governance: An Exploration of Fukuyama's Hypothesis

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ABSTRACT

The governance literature is currently in a state of conceptual confusion. Some scholars debate about the modes of governance (state, market, hybrids). Others argue about the process by which governments are selected, monitored and replaced; the capacity of the government to effectively formulate and implement sound policies; and the rule of law. Fukuyama has recently joined the debate and argues that governance is "the government's ability to make and enforce rules, and to deliver services, regardless of whether that government is democratic or not." The key to Fukuyama's argument is to delink governance from democracy. He suggests that scholars should pay attention to two critical dimensions, which have been neglected in the literature: state capacity and autonomy. We build on Fukuyama's hypotheses by proposing several conceptual and operational measures of capacity and autonomy and

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show this with comparative data from 27 countries in Asia and with stylized comparative country analyses. We argue that varieties of governance can be explained by variations in capacity and autonomy of governments. We conclude with suggestions for future research.

I. INTRODUCTION

The governance literature has been around for two decades now. A review of the literature suggests that the term remains largely contested and as Fukuyama (2013) argues, is in a state of conceptual confusion. Others note that the term has been used expansively, as a broad multi-dimensional concept lacking operational precision and as an umbrella concept to federate an assortment of different, albeit related ideas (Quibria, 2013).

Among academics, the term governance refers to the modes in which society and its political processes is organized and steered – i.e. by markets, states or hybrids. Several debates and insights have emerged from this literature including the importance of network governance and the hollowing and non-hollowing out of the state, among others. However, because of its largely descriptive approach as well as its weak theoretical and empirical foundations, a case can be made that this literature has seen its salad days.

Among practitioners, governance is referred to as the process by which governments are selected, monitored and replaced; the capacity of the government to effectively formulate and implement sound policies; and the respect of citizens and the state for the institutions that govern economic and social interactions among them (Kaufman, 2013). For the World Bank and Asian Development Bank, the term governance is associated with public sector reform, public expenditure management, civil service reforms as well as deregulation and liberalization. Similarly, the IMF (1997) defines governance in terms of "macroeconomic stability, external viability, and orderly economic growth in member countries."

Fukuyama (2013), weighing in on this confused state of the literature, argues that governance is "the government's ability to make and enforce rules, and to deliver services, regardless of whether that government is democratic or not." Fukuyama's focus is not on the political or legal regime of a country – as is conventionally defined - but on two variables that he argues (but has not operationally defined) is critical to differentiating performance: government capacity and autonomy.

While governance theorists use the term governance to refer to the modes of organizing and steering society, Fukuyama equates governance with government effectiveness. Democratic theorists argue that governance is about voice and accountability while donors and practitioners argue that governance is about public sector reforms including control of corruption.

In this paper, we build on Fukuyama's reformulation of the governance debate by proposing several conceptual and operational measures of capacity and autonomy. Our central argument is that varieties of governance can be explained by variations in capacity and autonomy of governments. We illustrate our argument with comparative data from 27 countries in Asia and stylized comparative country analyses.

The rest of the paper is structured as follows. The next section outlines the variables, data and methods for the empirical analysis of the paper. The third section provides a discussion of the results of the analysis. The last section concludes.

II. VARIABLES, DATA AND METHODS

Definition of Variables

We define capacity simply as the ability of governments to provide for public goods and advancing the broader public interest. We suggest that capacity is a composite measure with different dimensions – political, economic, financial, technical and managerial / organizational. Political capacity refers to the capacity of institutions to mediate among various interest groups as well as the exercise of political will in the face of vested interests.

Technical capacity refers to the ability to provide for and deliver public services that require professional technical expertise such education, public infrastructure, health care, agriculture, environmental protection, among others. Financial capacity simply refers to ability to pay for the provision of public goods. An emerging concept of capacity is the capacity for resilience or the ability of an entity – an individual, community, organization or a natural system – to prepare for disruptions, to recover from shocks and stresses and to adopt and grow from a disruptive experience (Rodin, 2014).

We measure a government's capacity to provide for public goods in terms of three indicators. The first is its **ability to enforce laws** as indicated by its ability to control corruption. Controlling corruption involves the exercise of strong and credible political will to uphold the public interest over narrow vested interests and is therefore a good indication of political capacity. Likewise, the ability to control corruption – especially systemic corruption, clientilism and patronage - is also a good measure of the autonomy of the government. There is a considerable empirical work on this that we draw upon such as the World Bank Global Governance Indicators (WBGI) and Transparency International Corruption Perception Index among others.

A second indicator of capacity is the **ability to deliver basic services** such as potable water supply, primary health care and education as reported in the UNDP Millennium Development Goals. Among poor and developing countries, this is a salient indicator of capacity – the ability to plan, finance, implement and evaluate the delivery of basic services that would benefit a significant segment of the population.

A related indicator is the ability of the State to **execute large-scale complex infrastructure projects** in partnership with the private sector. This is a salient indicator of capacity – the ability to work with the private sector in identifying projects, assessing its feasibility, structuring project risks and negotiating how these risks will be allocated among various parties, designing the engineering, social, financial, organization and management dimensions of the project as well as its operation and maintenance. The ability to execute complex infrastructure projects in tandem with the private sector is therefore a good barometer of state capacity. The World Bank's Public Private Infrastructure Facility is a good source of data to measure this indicator.

Finally, our third indicator of capacity is the government's **ability to manage its macro-economy** as indicated by IMF assessments. High and sustained growth rates are a good measure of the ability of a state to manage its fiscal, monetary and trade policy. Doing this requires a high level of professional capacity to monitor and assess data, selecting the appropriate policy instruments, making adjustments to policy, coordinating with various branches of government, reading market sentiment, mobilizing political support behind difficult policies (such as devaluation), among many other skills.

Our list of indicators for governance capacity is merely illustrative. Capacity can also include ability to collect taxes, collect and processes reliable statistics, ability regulate monopolies and enforce competition policies, ability to maintain political stability, the ability to diversify the economy, to design and execute master plans, among many other indicators of capacity.

We conceive of autonomy along several dimensions: **autonomy from vested interests** (avoiding regulatory capture), **autonomy of public institutions** (parliament, judiciary, civil service, central banks, local governments, constitutional bodies) to mediate among interest groups and to make authoritative decisions for the public interest. Then there is also **functional autonomy** of public bureaucracies (i.e. budget, personnel, procurement, operational autonomy, etc.) as mechanisms to make them more adaptive, responsive and avoid being captured by vested interests. We recognize that autonomy is a relative and not an absolute measure. It can be both formally conferred and informally asserted.

Data Set

A starting point for the comparative study of capacity and autonomy in Asia is the World Bank's Governance Indicators, bearing in mind the measurement issues involved, Fukyama's comments and the justifications of Kaufman et al (2010). It is composed of six aggregate indicators: voice and accountability; government effectiveness; political stability and absence of violence; regulatory quality; rule of law; and control of corruption. The dataset comprise more than 200 countries over the period 1996–2011 drawn from 30 data sources based on polls of experts, businesspeople and citizens. Analysis of the relationship between these good governance indicators and development has consistently shown that good governance matters (Kaufmann, Kraay & Zoido-Lobaton, 1999; Kaufmann & Kraay, 2002; Pelizzo & Stapenhurst, 2013).

However, several measurement issues have been raised against WBGI. These include issues of 1) validity, reliability, and precision; 2) single number problem; and

3) inter-temporal comparability, see for instance Hallward-Driemeier and Pritchett, (2011), Quibria (2013), Johnston (2008), Fukuyama (2013), Ravallion (2010) and Arndt (2009). In addition, Fukuyama argues that the WBGI – being an index measure - cannot be easily mapped into conceptual measures of capacity and autonomy.

Kaufman, Kray and Masturi (2010), in defending the data and methodology behind WBGI, argue that it is transparent in terms of its sources, their quality and standard errors. However, on purely technical and methodological grounds, their approach and indicators may not be entirely convincing to methodologically oriented social science scholars. Despite these measurement issues, there is as yet no better alternative to the WBGI as a relative measure of governance, more so in Asia where such empirical studies are wanting. Moreover, we argue that some measures – such as government effectiveness and control of corruption - can be used to operationally measure our indicator of capacity as we will illustrate in our empirical section.

Our Asian dataset – a subset of the WBGI - comprises countries that vary widely in terms of policy performance, capacities and democratic institution and practices. They include China and India, the East Asian tiger economies (S. Korea, Taiwan, Hong Kong, Singapore), the former Soviet Republics of Central Asia (Kazakhstan, Uzbekistan, Tajikistan, Kyrgistan, Mongolia), middle income countries in Southeast Asia (Thailand, Malaysia, Indonesia, and the Philippines), emerging economies such as Vietnam, Myanmar, Sri Lanka and Cambodia, among others.

Studying governance in Asia is both timely and important. First, while the governance literature has been around for two decades now, surprisingly little is known about comparative governance in Asia. Much of the academic literature has focused on industrialized, western economies, for instance Pierre (2005), Bell &

Hindmoor (2009), Clunan & Trinkunas (2010), Milward & Provan (2000), Rhodes (1996) and Sørensen & Torfing (2007).

Second, in Asia much of the literature has been on individual countries (see for instance Cummings, 2005; Olcott 2002; Knox, 2008; Liebert, 2013; Perlman & Gleason, 2007; Jones Luong, 2002; Agrawal, 1999). A large part of the literature deals with thematic issues (Haque, 2001; Ginsburg & Chen, 2008) and while others have sectoral focus (Araral & Yu, 2013; Wu, Ramesh and He, 2013). Consequently, little is known in the literature about governance in Asia in a comparative perspective.

III. FINDINGS AND DISCUSSION

Table 1 shows the range of scores on the state of governance in Asia, the higher the score the better is the state of governance, based on a range of +2.5 to -2.5. We focus only on three indicators, which in the literature are commonly associated with governance: voice and accountability (a proxy measure of democracy), government effectiveness (a composite of the quality of government, etc.) and control of corruption, the last two being measures of capacity and autonomy.

Table 1: Comparison of governance scores in Asia (2011)
Source: Quibria (2013)

Region/Subregion	Voice and Accountability	Political Stability	Government Effectiveness	Regulatory Quality	Rule of Law	Control of Corruption
Developing Asia	−0.63	−0.98	−0.08	−0.32	−0.37	−0.64
Central Asia	−1.48	−0.52	−0.63	−0.87	−1.05	−1.12
East Asia	−1.51	−0.63	0.18	−0.13	−0.34	−0.55
Pacific	−0.05	−0.58	−0.76	−0.60	−0.79	−0.94
South Asia	0.14	−1.41	−0.23	−0.44	−0.28	−0.67
Southeast Asia	−0.53	−0.73	−0.23	−0.40	−0.56	−0.68
Latin America and the Caribbean	0.15	−0.29	−0.14	−0.06	−0.33	−0.13
Middle East and North Africa	−1.19	−1.20	−0.49	−0.68	−0.57	−0.64
OECD	0.97	0.46	1.18	1.15	1.14	1.05
Non-OECD Europe	−0.49	−0.50	−0.40	−0.21	−0.60	−0.82
Sub-Saharan Africa	−0.70	−1.11	−0.80	−0.66	−0.86	−0.79

OECD = Organisation of Economic Co-operation and Development.

Note: OECD excludes Republic of Korea, which is included in East Asia.

Sources: ADB staff compilation from World Bank: Worldwide Governance Indicators online database; World Development Indicators online database.

Table 1 suggests that East Asia (China, Japan, Taiwan, Hong Kong, S. Korea) tops other sub-regions in Asia in terms of government effectiveness, regulatory quality, and control of corruption but performs worst in voice and accountability. East Asian countries are often associated with highly capable, technocratic and elitist forms of governance.

Table 1 also shows that South Asia performs best in voice and accountability and rule of law but fares worst in terms of political stability. Southeast Asia does not top any of other regions on five of the six governance indicators and it fares worst in terms of political stability and violence (in part due to conflicts in Thailand, Myanmar, the Philippines and Cambodia). In addition, Southeast Asia lies in the middle of the pack of the sub-regions in all other indicators such as voice and accountability, government effectiveness, regulatory quality, rule of law and control of corruption. Central Asia tops the criteria of political stability but is worst in terms voice and accountability. This can be attributed mainly to long ruling authoritarian regimes in the region.

To appreciate this variability of governance in Asia, it is important to understand the variability of conditions in the region. First, Asia is the world's largest continent with 48 countries and 60 percent of the world's population including two of the most populous countries (China and India). Second, the size and geography of the region varies widely – from the tropical Southeast Asia, to the deserts of India, China, and Central Asia, to the temperate climes of Northeast Asia. Thirdly, legal traditions in Asia vary considerably from countries with British common law traditions (Malaysia, Singapore, India, Pakistan, Sri Lanka), American civil law (the Philippines) to socialist/ home grown systems (China, Vietnam) and varieties of legal systems in between.

Fourth, Asia is home to some of the richest countries in the world (Japan, Singapore, Korea, Brunei, Hong Kong) as well as the poorest ones (i.e. Myanmar, Laos, Nepal, Bangladesh, etc.). Asia is also home to some of the fastest growing economies in the world (China, Mongolia, Vietnam, the Philippines, Indonesia). Governance outcomes vary considerably amongst rich and poor countries.

Fifth, Asia is also home to the world's major religions: Islam (Indonesia, Pakistan, India, Bangladesh, Iran, Central Asia), Buddhism (Thailand, Myanmar, Sri Lanka, South Korea, Mongolia, Vietnam, Cambodia), Christianity (the Philippines and South Korea), Taoism (Japan) and Hinduism (India). Religion plays a key role in shaping a country's set of values and institutions and hence the practice of governance.

Sixth, many countries in Asia were (or still are) governed by the military. This is or has been the case in Thailand, Indonesia, the Philippines, Sri Lanka, Democratic People's Republic of Korea, Pakistan and Myanmar. Countries ruled by the military would usually score low in terms of voice and accountability but tend to score higher in terms of political stability.

Seventh and finally, several countries in Asia are also rebuilding their economies and governance institutions after years of civil war (Sri Lanka, Nepal, Cambodia, Afghanistan, and Myanmar). Governance reforms in these countries are pretty much a work in progress and hence their capacity generally tends to be low.

In general, one would expect that variations in the WBGI governance scores would be associated with variations in these seven factors (civil wars, wealth, legal origins, religion, geography, demography). What this all suggests is that it is wrong to conclude that that there is such thing as an Asian model of governance.

In the next section, we examine with more nuances the intra and inter-regional variations in governance capacity in Asia bearing in mind the measurement caveats we have discussed above. Our focus here is on measures of government capacity such as 1) government effectiveness; 2) voice and accountability and 3) control of corruption.

Capacity to enforce laws: Control of Corruption

A good indicator of a government's capacity is its **ability to enforce laws**. One indicator of this is the ability to effectively control corruption. We argue that enforcement capacity is as much a function of political will and economic development. Indeed, there is a strong correlation between perception of corruption and incomes having an R-squared of 0.561 and a coefficient of 0.49. Rich and capable countries in Asia – Singapore, Hong Kong, Japan – tend to have good scores in terms of perception for corruption control.

In contrast, poor and politically unstable countries with weak judiciaries and checks and balances such as Afghanistan, Bangladesh, Cambodia, Nepal, Tajikistan, Cambodia, etc. tend to also have poor image in terms of corruption control. Capacity therefore – at least as measured by ability to enforce laws – is strongly correlated with a country's level of economic development.

As Table 1 above shows, among sub-regions in Asia, East Asia (China) registers the best possible score for perception on control of corruption (-0.55) while the worst is in Central Asia (-1.12). South and Southeast Asia have almost the same scores (i.e. -0.67 and -0.68, respectively). Figure 2 provides a snap shot of intra and inter-regional variations in the perception on control of corruption.

Controlling Corruption in China and India

There are many factors to explain variations in perception of corruption control between these regions but one factor appear to stand out: the political will and capacity to enforce anti-corruption laws. This is appears to be the case for China and India.

Although China's 2012 scores were low relative to others, the recent display of political will by President Xi Jinping's has resulted in the prosecution of powerful officers in the military, state owned enterprises, media, local officials and former high ranking party leaders. Some would argue that this vigorous campaign is part of consolidation of political power in China while others argue that President Xi is serious in stamping out corruption because it is a clear threat to the survival of the Communist Party of China.

Figure 2: Intra and inter-regional variations in perception on control of corruption in Asia, normalized scores
Source: World Bank Governance Indicators

In contrast, in India, the main problem is the lack of political will and capacity to enforce anti-corruption laws. As the Economist Magazine reports, in the past three years only 25 top civil servants have been investigated and none has lost their jobs. In contrast, in 2013, some 182,000 officials have been punished in China. In India, prosecution can drag on for at least a decade. It is estimated that illicit financial outflows from India to global financial centers averaged $52 billion a year since 2007 suggesting weak enforcement capacity. Not surprisingly, recent survey revealed that 96% of Indians said corruption was bad for their country while 92% thought it has become worse in the past five years (The Economist, 2014).

Compared to China, corruption in India appears to be more systemic and inherently linked to politics i.e. on the need to raise funds for political parties and expensive elections. Seats in Parliament would cost anywhere from USD 0.3M to 3M depending on location. The Economist (2014) estimates that the total cost of politics in India - both local and national between 2010 and 2015 for all parties - will be in the order of $5 billion. In short, expensive politics and hence political capture lie in the heart of corruption in India. In contrast, in China, corruption is not inherently linked to politics but to individual opportunism.

Likewise, compared to India, monitoring and enforcement of anti-corruption laws in China is effective because they are centralized and handled by just two organizations, the Organization Department of the Communist Party of China and Supreme People's Procutorate (Prosecution). The Organization Department keeps dossiers of ranking officials, is highly secretive and has a vast array of powers. They even have their own courts and prison system for corrupt party officials.

In contrast, in India there are so many agencies involved that it has become so dysfunctional – the police, investigation agencies, different types of courts at different levels, among others. As a result, conviction rates in India are so low and the whole anti-corruption process does not at all serve as a credible deterrent. What the China and India stylized comparison reveals is that political will and state capacity matters a lot to governance, regardless of whether the country is democratic or not.

South East Asia

In Southeast Asia, variations in the perception of control of corruption can also be attributed to **political will and capacity,** among others. Singapore has been consistently ranked among the least corrupt countries in Asia and the world in large part because of political will and capacity of its Corruption Prevention and Investigation Bureau. In the Philippines, President Aquino has waged a vigorous anti-corruption crackdown, which saw the prosecution of a former President, Supreme Court Chief Justice, former Defense Secretary, former Senate President, the head of the anti-graft body as well as high profile politicians. As a result, it's ranking in the Transparency International's Corruption Perception Index (CPI) has significantly improved from 152nd in 2010 to the current 94th, one of the largest improvements in the TI ranking's history in so short a time.

Similarly, Indonesia has seen in recent years an energized campaign against corruption with some degree of success. The impetus for the crackdown is a newly empowered, capable and constitutionally independent anti-corruption agency (KPK) as well as an empowered Parliament. For instance, the Parliament has taken steps to keep the government accountable for the expenditure of public moneys and to minimize the incidence of political corruption in the country. It has also institutionalized a parliamentary committee that resembles Public Accounts Committees found in Westminster legislatures. These mechanisms of autonomy in turn helps build the capacity of the organization.

In Thailand, the 2007 Constitution has sought to institutionalize principles of good governance. For instance, it created Public Account Committee (PAC) in the Thai Parliament, which has a fairly wide range of powers, including being autonomous. First, the PAC could scrutinize the accounts of a wide range of public bodies. Second, it could examine the compliance of performance audits carried out by the Auditor General. Third, it could examine the economy, efficiency and effectiveness of policies and their implementation. Fourth, it could refer matters to the Auditor General for investigation and it could launch self-initiated inquiries. In spite of these reforms, Thailand's results in fighting corruption have been mixed at best. It experienced a minor improvement in Transparency International's CPI score in the 2011-2013 period, but a marked decline in the rankings (from 80th to 102nd).

Vietnam has introduced constitutional reforms in part in response to massive corruption in State owned enterprises. The result of the reform is a stronger system of checks and balances – a more accountable Prime Minister and a stronger (and more autonomous) parliament and presidency. Myanmar, which opened up to the world in 2011, has also introduced a raft of anti-corruption and transparency laws, including media freedoms and wider role and autonomy for civil society and parliament and professionalization of the its bureaucracy.

What the case studies from Southeast Asia suggest is, like China, political will and capacity are central to fighting corruption.

Central Asia

Corruption in Central Asian countries remains high and systemic but some countries have recently introduced reforms (Cummings, 2005; Perlman & Gleason, 2007). For instance, Kazakhstan has introduced anti-corruption reforms by adopting a Code of Ethics for civil servants, increasing punishments for corruption crimes, arrests of high-level officials, reaffirming whistle-blower protection and introducing punishment of officials who fail to report corrupt cases. However, despite these anti-corruption measures, Kazakhstan has not improved much in the CPI ranking for the last decade remaining at 140th position in 2013, among highly corrupt countries in the world. In 2014, it introduced a new campaign to combat corruption leading to the arrest of a former Prime Minister. As a result of these efforts, it now ranks 126th in 2014.

Other Central Asian countries such as Kyrgyzstan, a democratic country, have attempted to adopt Kazakhstan's experience in civil service reform and anti-corruption measures. However, these efforts have fallen short in creating a professional, meritocratic civil service in large part because of weak capacity in the bureaucracy (Abazov, 2006; Liebert, 2013). In other authoritarian countries such as Uzbekistan, Azerbaijan, and Tajikistan, patron-client networks and nepotism remain prevalent (Jones Luong, 2004; Collins, 2009; Starr, 2006) and capacity and state autonomy are weak.

In summary, we find mixed evidence on the relationship between capacity and democracy. Table 2 provides a summary based on our highly stylized comparison. Some non-liberal democratic countries (China, Vietnam) are capable of fighting corruption while others are not as capable (Uzbekistan, Tajikistan).

Table 2: Stylized Comparison Between Democracy and Capacity

		Liberal Democracy	
		Yes	No
Capacity to control corruption	High	Indonesia, Philippines	China Vietnam
	Low	India, Thailand	Uzbekistan

Similarly, some liberal democratic countries (the Philippines and Indonesia) have shown in recent years that political will and institutional capacity (such as having independent anti-corruption agencies) are central to controlling corruption. Both countries have significantly improved their rankings in the Transparency International Corruption Perception Index. In contrast, India, Kyrgyzstan and Thailand (prior to the 2014 military rule) are examples that show that democratic governments are not necessarily capable of dealing with corruption despite having formal institutionalized system of checks and balances.

Government Effectiveness

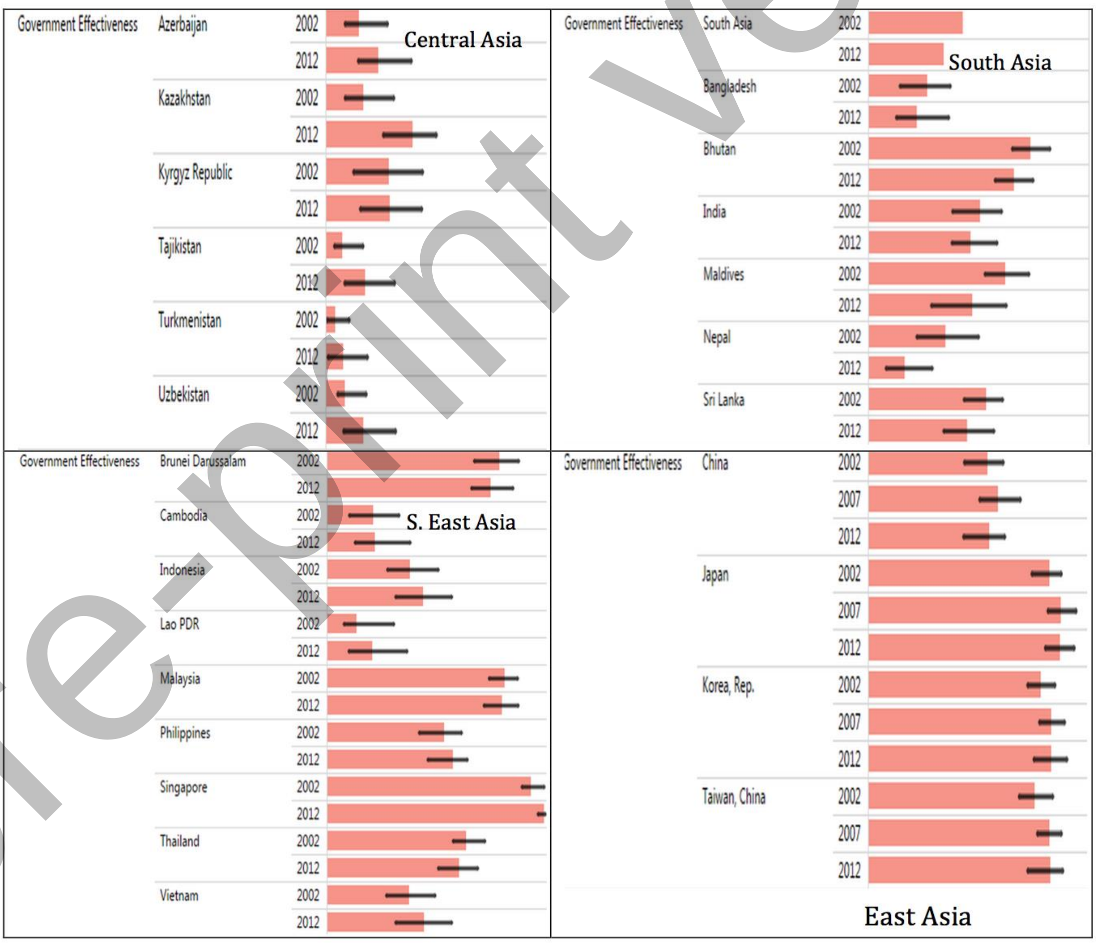
Our second measure of capacity is a composite measure of government effectiveness. The WBGI measures government effectiveness as a composite of the quality of public service, quality of bureaucracy, insulation of the civil service from political pressures, and the credibility of the government commitments. Of all the six

WBG Indicators, government effectiveness had the highest correlation with income per capita (R-Squared of 0.659).

From Table 1, countries in East Asia (China) had the highest scores in terms of government effectiveness (0.18 out of 2.5) with the lowest scores for countries in Central Asia (-0.76). South and Southeast Asia are tied at - 0.23 each with considerable intra-regional variations. Figure 3 provide a snap shot of intra and inter regional variations in government effectiveness in Asia using normalized scores.

Figure 3: Inter and Intra-regional Comparison of Government Effectiveness in Asia, Using Normalized Scores

Source: World Bank Governance Indicators



East Asia

East Asia (China, Japan, S. Korea, Taiwan, Hong Kong) tops other countries in Asia in terms of overall government effectiveness i.e. the quality of bureaucracy, quality of public service provision, the insulation of the civil service from political pressures (autonomy), and the credibility of the government commitment to policies.

Japan, Taiwan and South Korea have the highest scores with China having the lowest, in part because of the size and complexity of the country and its government. East Asian countries have a long tradition of merit based selection and promotion of civil servants. Indeed, entry into the civil service of these East Asian countries is one of the most competitive in the world.

For instance, the Japanese and S. Korean bureaucracies are well known in terms of their Weberian qualities (meritocracy, cohesion and professionalism, relative insulation from politics and their abilities to make credible commitments, see for example Evans (1995), Wade (1990), Vogel (1992) and Song (2003). This is not to say that these countries are not captured by vested interests. In fact, regulatory capture is a central issue in both countries but this is relatively less so compared with others.

Government effectiveness is also associated with **performance management** – the ability to manage the implementation of government policies. For instance, in China it is widely used as the main steering instrument for all levels of government. First introduced by local governments in the 1990s, performance management in China became formalized in 1995 as the "objective responsibility system" (ORS). The ORS is a command and control mechanism in which targets and accountability are set at the top of government and cascaded down to the lowest units of government. It is similar in principle to management by objectives (MBO). Personnel promotions and rewards are then tied to meeting these targets.

In many ways, China's spectacular GDP growth can be attributed to this ORS in a highly decentralized form of government. The central government, for instance, sets a growth target of say 9%. To ensure that this target is met, provincial officials then set a target of 10% and below them, city and county officials set an 11% target. The promotion and rewards for these local officials are then pegged to their ability to deliver the targets set by their superiors. Local officials then have strong incentives to focus on growth – attracting foreign investment and a frenzy of infrastructure projects because these easily boost GDP growth.

The ORS system is now widely practiced throughout China at all levels of government. At the national level, ORS was officially introduced in 2008. Since then, performance management in China has become nuanced and more sophisticated. Targets have become more specific, quantifiable, and linked to personnel outcomes. However, there tend to be problems in monitoring and reporting as these are often left to local governments who have a conflict of interest in reporting excellent performance.

A third indicator of government effectiveness is the extent to which governments are able to engage the private sector in terms of **public private partnerships (PPP).** It takes a professional and capable bureaucracy to effectively deal with the private sector. In many ways, China is a leader in terms of PPP engagement particularly in terms of infrastructure development. For instance, China is already a world leader in PPP for water, airports, railways, seaports, highways and energy infrastructure, among others, not only in its large domestic market but also in foreign markets such as Africa, Southeast Asia, South Asia and Latin America.

In contrast in India, much has been talked about PPP but compared to China there is little to show in terms of widespread success. There are bits and pieces of successful PPP projects in India (sea and airports, toll ways, telecoms, metro rail). However, these are not as widespread as those in China where successful PPPs can be seen in urban water and sanitation, multi-purpose hydro power projects, ports, electricity generation and transmission, railways and metros, toll ways, environmental infrastructure, among many others.

The main difference in the outcomes of PPP between China and India, it appears, is that the former has much stronger capacity in terms of building a pipeline of bankable PPP projects, being able to identify, plan, design, evaluate, finance and execute projects in partnership with the private sector. Moreover, China was able to solve the critical problem of credible commitment in its relationship with the private sector. Investors do not have to worry that the government's promises will not be kept because of credible guarantees. In contrast in India, government commitments are generally not credible because politicians promises are not reliable because of electoral pressures.

Our fourth indictor of capacity is the ability of the national government to manage macro-economic policy. To do this, highly capable professional managers and technocrats are needed. In China, this is clearly indicated in the ability of its national government to manage the recent the financial crises. In addition, the ability of its local governments to attract domestic and foreign investments as well as their ability to raise local revenues and execute projects – all reflected in their GDPs – are also good indicators of government effectiveness. This is not to say that all is well in China's macro-economy given the precarious debt levels of its local governments but in relative terms, it’s ability to manage its large and complex macro-economy stands out.

Central Asia

As Figure 3 shows, in Central Asia, Kazakhstan scored highest in terms of government effectiveness and capacity (2012) with Uzbekistan, Turkmenistan and Tajikistan having the lowest scores. Kazakhstan also had the highest improvement in government effectiveness since 2002 and is evident in the many administrative and market reforms it has introduced (Knox, 2008). Examples include One Stop Shops (Janenova, 2010), E-Government, Corps A, Civil Service reforms, and administrative decentralization. Standards and regulations have been introduced for all public services, shared integrated databases have been developed, over 500 OSSs are functioning at all levels of the government across all regions combined with e-service delivery and mobile service centers (Janenova, 2010). Public private partnerships are also better established in Kazakhstan compared to other countries in the region.

In comparison, neighboring countries either have been lagging behind in reforming their respective civil services due to political instability (Kyrgyzstan, Tajikistan), or due to the fact that the reform measures they have enacted have been superficial and poorly implemented because of weak capacity (Uzbekistan and Turkmenistan) (Perlman & Gleason, 2007).

Southeast Asia

In Southeast Asia, Singapore, Brunei and Malaysia have the highest scores in terms of government effectiveness while Laos and Cambodia, two countries that went to civil wars in recent years, had the lowest. Not surprisingly, effective governments are also rich governments (with their civil servants also highly paid and educated) while weak governments are also poor in terms of financial resources and training for civil servants.

The Philippines, Indonesia, Thailand and Vietnam have done reasonably well in recent years in terms of macro-economic management, engagement with the private sector and performance management. However, they have moderate scores in government effectiveness, in part because of their very large bureaucracies and multiple levels of government. It is often the case in these countries that the best civil servants work for the central government in capital cities while those working in local governments tend to have lower capacities and compensations.

CONCLUSIONS

We have argued and shown in this paper that variations in capacity and organizational autonomy can partly help explain varieties of governance in Asia. We draw several observations and conclusions.

First, rather than being "hollowed out" as argued in the conventional governance literature, governments throughout Asia are pretty much at the center of governance. As we have argued in this paper, variations in the performance of governments in the region can be partly explained by variations in capacity and autonomy of state agencies.

The discourse on the importance of governments in Asia is in clear contrast to the society centric discourse in Europe in which governments have been "hollowed out" due to advances in neo-liberalism, the privatization and contracting out of services, the advances of globalization, persistent distrust in government institutions and politicians and the weakening of political parties.

Second, comparing government capacity and autonomy across countries is not an easy exercise because of their multiple dimensions – political, managerial, technical, and organizational. Capacity and autonomy can also vary overtime, across instrumentalities, size and levels of government. Thus, an aggregated, single measure of state capacity across countries – as is conventionally used in the WBGI - would be controversial.

Finally, despite these challenges, it is still possible to provide some stylized comparison of capacity and autonomy along the dimensions we have suggested in this paper i.e. PPP, macro-economic policy, control of corruption. For instance, China would be assessed to be more capable than India along these criteria. Kazakhstan would do as well compared with its neighbors in Central Asia. This kind of assessment however would lend itself more to in-depth comparative country analyses. The WBGI dataset, when used with its disaggregated components, for instance some measure of government effectiveness, could still provide a useful data source for comparative country analyses.

That said, Fukuyama's hypotheses on delinking governance capacity and autonomy from democracy requires more conceptual and empirical testing. Our paper has just barely scratched the surface. There is more work ahead for scholars of governance if we are to make the claim that variations in governance could be explained by variations in autonomy and capacity regardless of whether or not that country is a democracy.

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