

# **THE MANY FACES OF PUBLIC MANAGEMENT REFORM IN ASIA-PACIFIC: MOVING AHEAD AMIDST CHALLENGES AND OPPORTUNITIES IN EMERGING MARKETS AND IN DIFFICULT TIMES**

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## **INTRODUCTION**

During the past decade, globalization and democratization have been the major forces that helped transform the structures, functions, and processes of Asian public sectors. Nevertheless, these transformation efforts of Asian countries vary considerably depending on local context, and have met with different degrees of success. Some countries experienced smooth transformations. For others, the reform process has been more volatile. These issues were explored at a conference July 7-9, 2008 in Bangkok, Thailand, hosted by the Department of Political Science, Chulalongkorn University, and co-sponsored by the International Public Management Network, the Asia-Pacific Governance Institute, and Thailand Democracy Watch. This special issue presents a sample<sup>1</sup> of the work by participating scholars and practitioners.

Two of the papers analyze different approaches to combating corruption in the region. Professor Jon Quah reviews the literature to identify the major strategies adopted by Asia-Pacific countries to combat corruption. He goes on to evaluate these anti-corruption strategies to identify their strengths and weaknesses and to suggest how their weaknesses can be rectified. Professor Krishna K. Tummala takes on the specific case of India, looking at the legal and administrative provisions to combat corruption, and the limited results to date due mainly to the lack of political will to curb corruption, and the cultural context of social tolerance and easy forgiveness which render this as a common and largely accepted experience. Despite some helpful developments such as the newly conferred freedom of information, active investigative media and engaged civic groups, reasons for optimism appear to be minimal.

Public financial management (PFM) reforms have been embraced by governments to reduce corruption, improve program effectiveness, and ensure accountability to elected officials and citizens. Professor Arwiphawee Srithongrungrung investigates the immediate and permanent effects of Thailand's results-oriented budget on the government's spending levels across functions. Using time-series data from 1965 to 2005 on Thai government spending, the empirical results indicate that the new budget reform enhances government planning capacity in two service functions, national defense and general administration, by shifting resources permanently between functions and cutting spending immediately on functions of lesser priority to the country's master plans. Robert Taliercio argues that recent PFM reforms in Cambodia have succeeded due to

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<sup>1</sup> For a full listing of papers presented, see <http://knol.google.com/k/clay-wescott/the-many-faces-of-public-management/2lxcg789vp6vi/2?pli=1#edit>

public management processes and techniques that include: a joint government-donor analytical process to define the problem and build consensus, an agreed reform vision and action plan, a pilot civil service reform in the Ministry of Finance to address capacity constraints, and formal coordination mechanisms for government and donors. He disputes the dominant hypothesis that the change was related to 'political will,' instead focusing on how public management solved the problem. Geoff Dixon and Danya Hakim analyze the extent to which Indonesian decentralization is likely to achieve its goal of making Indonesian public spending more responsive to local preferences. They conclude that strengthening policy contestability and flexibility in local budgeting are central to a successful outcome.

Finally, Professor Soonhee Kim explores the influence of executive e-government leadership, management capacity, and management for results on employees' perceptions of electronic-government performance in a local district in the Seoul Metropolitan Government in South Korea. The study indicates that management for results is the most significant factor affecting the perceived performance of e-government, followed by leadership communicating a clear vision for e-government innovation and IT capacity, and employees' identification commitment to their organization.

When the papers included in this symposium were written global financial stress had not yet begun to make an impact on the Asia-Pacific region. However, now this effect is highly evident as markets have collapsed and much trade within the region and with the rest of the world has frozen. Troubled banking systems are struggling with the consequences of the sub-prime mortgage market failure in the US which has affected many non-US banks and treasuries that invested in US mortgage financing and associated (risky) derivatives. Part of the debate over instrumentation needed to cope with the vast amount of residual debt centers on the question of how deeply governments should intervene financially to save private institutions. Few if any nations can avoid having to decide how to manage their monetary, fiscal and economic stress as similar challenges now confront the leaders of governments and national and private banking institutions around the world.

What can be observed at this point is that both financial stress and solutions to it are global in nature, and that the countries damaged most by financial stress generally are developing nations including those studied by the researchers contributing to this symposium, e.g., Thailand, Cambodia, and Indonesia. However, it must be noted that the effects of financial stress in 2008-2009 are having a serious impact on wealthier nations in the region, e.g., China, India and South Korea. Until markets stabilize the financial condition of governments in the Asia-Pacific region will be less stable and their future condition will continue to be threatened.

Another point needs to be made about whether we are presently in an economic and fiscal "crisis" or a fiscal "stress" condition. While for political reasons it is understandable why elected officials, including US President Obama, use the word "crisis" to characterize the current situation (i.e., to persuade others such as members of the US Congress to act in response), in fact scholars studying financial stress and crisis in governments from the period of the 1930s to the present point out that a crisis occurs when an entity cannot get loans to finance its current operations and proposed investments. Such is not the case for the US and most other developed nations

presently. However, for many developing nations the word crisis is an apt description of their economic and fiscal condition.

Finally, it may be helpful during this period of global economic stress to recall the words of a then newly elected US President Franklin D. Roosevelt in his first inaugural address in 1932, "The only thing we have to fear is fear itself." While Roosevelt was right it took a long time for financial markets and economic conditions to improve after he made this pronouncement, and the consequences of the global economic depression of the 1930s changed the world in ways that few at the time anticipated.

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