Poor Nations, Rich Nations: A Theory of Governance

This article argues that the difference between poor countries and rich countries has to do with governance rather than resources. In emphasizing the importance of public administration in explaining success and failure, the author examines three general theories of governance (organizational, cultural, and structural-functional) presented in Ferrel Heady’s textbook in comparative administration. Political elasticity theory is introduced as a way to reconcile and overcome the weaknesses of these theories and to explain a number of unresolved questions in the literature having to do with decentralization, corruption, democracy, culture, and globalization, using comparative case studies (the Netherlands and Ghana, Singapore and Jamaica, and Japan and Nigeria). The implications of political elasticity theory for foreign aid are suggested at the conclusion, illustrated by a comparison of Spain and Mexico. What ties these case studies together is the heretofore unnoticed and/or unexplained fact that as countries prosper, political power takes on “rubber-band” and “balloon” characteristics.

Some years ago I taught an undergraduate class on political development at Howard University in Washington, DC. My students generally argued, “The poor are poor because the rich are rich.” They had what I called an ICRC (international, capitalist, racist conspiracy) viewpoint, and nothing I said could shake their position. While many of the demonstrators at recent International Monetary Fund/World Bank annual meetings may not completely share this viewpoint, most seem to believe the difference between poor countries and rich countries is primarily a lack of resources. If we somehow could transfer income from the rich to the poor, the world would be better off. They apparently have in mind large grants without strings attached, forgiveness of all debt, and protection from the bad effects of globalization.

I wish I could agree with such a simplistic analysis of the situation. After all, according to a recent World Development Report (World Bank 2000, 3), the “average income in the richest 20 countries is 37 times the average in the poorest 20—a gap that has doubled in the past 40 years.” This publication goes on to note that about one-fourth of the world’s population continues to live on an income of less than $1 a day. This indicates that, despite a decade of economic growth, the dismantling of socialist economies, extensive globalization, large amounts of foreign aid, and many donor-assisted projects, extreme poverty has not diminished.

World Bank officials clearly are frustrated by their inability during the last half of the twentieth century to reduce the gap between poor and rich countries, pointing out there “is no accepted theory of poverty that establishes a hierarchy of causes, nor is there any widely adopted empirical model that might serve the same purpose” (White and Killick 2001, 27). In this regard, three points need to be underscored. First, the existence of extensive natural and human resources does not make much difference. Countries such as the Democratic Republic of the Congo and Angola are fabulously rich in resources but overwhelmed by poverty. Until about 1980, Das (2001, 92, 208) points out, Hong Kong (with fewer than 5 million people)