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THE IDEA OF GOOD (ENOUGH) GOVERNANCE. THE VIEW FROM COMPLEXITY ECONOMICS

Nowadays we can observe a consensus in the development literature that the quality of governance matters for economic development. Therefore, many postulate the implementation of the good governance principle, however, that very idea is not well defined and conceptualized. This paper offers some insights into the way that this concept can be better understood. We do this by applying the conceptual apparatus taken from complexity economics. What follows is the conclusion that the idea of good governance, as seen from the perspective of complexity economics, is very similar to the one of good enough governance. Moreover, we present some pragmatic recommendations for both the development policies as well as for the ways in which such policies should be prepared.

Keywords: good governance, good enough governance, complexity economics, economic development

JEL Codes: H11, O10, B52, D78

1. INTRODUCTION

The idea of good governance (GG henceforth) has a long past, but as a conceptualized concept it has a short history. Its origin dates back to the first investigations into the economic role of the state. Its short history began in the 1970s with the (limited) rehabilitation of the state in the literature on economic development (Grindle 2010). However, its popularity started to grow rapidly from the late 1980s onwards when three parallel processes formed the catalyst for its emergence. First, at the end of the 1980s, a consensus was formed among development practitioners that giving only money to developing countries often does not foster economic growth and that financial assistance must be complemented with regulatory reforms. Second, the collapse of the communist countries, followed by a very rapid transition to a market economy, clearly showed the importance of the institutional framework for the functioning of the market system. This was complemented with the debate over the reasons for success in the rapidly

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growing Asian economies where the role of the state was immense. Third, an important change came from within economics, namely the rise of new institutional economics (NIE) with its focus on institutions as the main determinants of long term economic growth. These three processes – taken together – led to the conclusion that what mostly matters is the quality of the state (its institutions and their credibility) rather than just its size (North 1990).

In the process of the rise of the idea of good governance, rhetoric also proved to be very important. Instead of asking for ‘state reforms’ or ‘social and political change’ that would inevitably antagonize governments which are generally quite reluctant to have lenders give advice on questions of internal policy, these institutions, e.g. the World Bank and the IMF, preferred to use non-offensive terms like good governance, usually couched in technical language (Hewitt de Alcántara 1998, pp. 106-107). That was probably one of the reasons for the relatively imprecise definition of the idea of good governance. That imprecision is still present, e.g. take the following definitions of GG:

IMF (2005): “Ensuring the rule of law, improving the efficiency and accountability of the public sector, and tackling corruption” (p. 1);

UNDP (1997): “Characterized as ‘participatory, transparent ... accountable ... effective and equitable ... promotes the rule of law ... ensures that political, social and economic priorities are based on broad consensus in society and that the voices of the poorest and the most vulnerable are heard in decision-making over the allocation of development resources” (p. 12);

European Commission (2001): “Five principles underpin good governance and the changes proposed in this White Paper: openness, participation, accountability, effectiveness and coherence. Each principle is important for establishing more democratic governance. They underpin democracy and the rule of law in the Member States, but they apply to all levels of government – global, European, national, regional and local” (p. 10);

Kaufmann et al. (2009): “We define governance broadly as the traditions and institutions by which authority in a country is exercised. This includes 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” (p. 5).

Although the above definitions differ, they have a common core, namely a strong emphasis on the quality of institutions. Also, they are all quite

normative, i.e. they explicitly propose what should be done, and they are all multidimensional and thus quite essentialist (the numerous changes described in the good governance agenda must be accomplished in order to boost economic development). Moreover, they do not contain a time dimension, i.e. there is a desire to tackle all governance deficits at once. Therefore, numerous authors suggest that there is a danger of overloading the development agenda with things that should be done beyond the capacities of most countries (e.g. Rodrik 2003). Finally, many started to claim that the good governance concept is a nice idea to describe a great number of “good things”, however, at the same time with a limited capacity to deliver. As Grindle (2004) puts it:

“Getting good governance calls for improvements that touch virtually all aspects of the public sector – from institutions that set the rules of the game for economic and political interaction, to decision-making structures that determine priorities among public problems and allocate resources to respond to them, to organizations that manage administrative systems and deliver goods and services to citizens, to human resources that staff government bureaucracies, to the interface of officials and citizens in political and bureaucratic arenas ... Not surprisingly, advocating good governance raises a host of questions about what needs to be done, when it needs to be done, and how it needs to be done” [emphasis by LH] (pp.525-526).

The above cited author offers the concept of good enough governance (GEG henceforth) which he defines in the following way:

“Good enough governance, as a concept, suggests that not all governance deficits need to (or can) be tackled at once, and that institution and capacity-building are products of time; governance achievements can also be reversed. Good enough governance means that interventions thought to contribute to the ends of economic and political development need to be questioned, prioritized, and made relevant to the conditions of individual countries. They need to be assessed in the light of historical evidence, sequence, and timing, and they should be selected carefully in terms of their contributions to particular ends such as poverty reduction and democracy. I suggested that good enough governance directs attention to considerations of the minimal conditions of governance necessary to allow political and economic development to occur” (Grindle 2007, p.554).

Thus, GEG is a time-bound idea with a less essentialist approach than GG; also, it is less normative since it takes into consideration the context (specific conditions of a given country) as well as being more evolutionary

in nature: it puts emphasis on finding only a few crucial conditions to allow economic development to start. Here lies the motivation for this paper. What we try to do is to look at the very idea of GG from the perspective of complexity economics. Therefore, the goal here is to put the GG concept into a more evolutionary perspective. In other words, for us the first and foremost role of GG is to make the socio-economic system evolve. Thus, the understanding of the GG idea presented here is closely related to the concept of GEG.

The paper proceeds as follows. First, we describe the GG idea as a ‘mechanistic’ and non-evolutionary concept. Next, we give some insights as to why the static and ‘mechanistic’ perspective is of little use while describing the processes aimed at making the governance better. After that, we give an overview of complexity economics with the emphasis on self-organized systems and open-ended evolutionary processes. Further on, we put the concept of GG into that framework. The conclusions follow.

2. THE IDEA OF GG AS ‘MECHANISTIC’ AND NON-EVOLUTIONARY

Nowadays, following the great effort of the World Bank to conceptualize and operationalize the idea of GG, it is usually presented as a six-dimensional concept and these dimensions are the following: democratic state, transparency, accountability, participation, inclusiveness, and finally efficiency and effectiveness (e.g. Kaufman et al. 2003). Other authors also use the notion of dimensions (or areas) while defining GG, e.g.:

Hyden et al. (2004): “[GG] can be measured along five dimensions (‘participation, fairness, decency, efficiency, accountability, and transparency’) in each of six arenas (civil society, political society, government, bureaucracy, economic society, judiciary)” [emphasis by LH].

USAID (2005): “Democratic governance: ‘transparency, pluralism, citizen involvement in decision-making, representation, and accountability; focusing particularly on five areas: legislative strengthening, decentralization and democratic local governance, anti-corruption, civil-military relations, and improving policy implementation” (p. 1) [emphasis by LH].

In the majority of the empirical studies, one can hardly find any in-depth analysis of the interplay between dimensions, rather these studies take dimensions as the explaining variables, and usually GDP growth (or GDP per capita) as the one explained. Often they do not take all the dimensions

(more precisely, indicators that operationalize them) but only some of them (e.g. Knack and Keefer, 1995, analyze the impact of institutions that protect property rights on growth; Brunetti et al., 1997, investigate the role of government credibility in stimulating investment and growth; Friedman et al. 1999, focus on the interplay between corruption and growth; Evans and Rauch 2000, find that Weberian bureaucracies are strongly associated with growth; etc.). If the emphasis is not put on the interplay between the dimensions, then the time dimension is also absent – there is no such thing as a hierarchy of dimensions.

In methodological terms, such a method of analysis is described as one of isolation, “a central method employed in economics” (Mäki 1992, p.318) that can be defined as follows: “In an isolation, something, a set X of entities, is ‘sealed off’ from the involvement or influence of everything else, a set of Y entities; together X and Y comprise the universe” (ibid., p. 321). In the case of the idea of GG, the universe consists of variables describing its six dimensions as well as a set of explained items, most notably GDP. Since the very idea of GG takes its roots from the development literature, it is no surprise that development practitioners put the idea of GG into the realm of ‘isolative’ modeling. As R. Lucas once said: “one of the functions of theoretical economics is to provide fully articulated, artificial systems that can serve as laboratories in which policies that would be prohibitively expensive to experiment with in actual economies can be tested out at much lower cost” (Lucas 1980, p. 696). Therefore, GG thinking was put into the logic of neoclassical economics, thus leading to the so-called N-studies trying to find correlations between development and good governance, usually using advanced econometric techniques (Grindle, 2007). One of the characteristics of these studies is that they can be seen as a manifestation of the mechanistic world view, which was very common in neoclassical economics and in science in the 19th century and in the first half of the 20th century. In this perspective “the natural world is a machine: a machine in the literal and proper sense of the word, an arrangement of bodily parts designed and put together and set going for a definite purpose” (Collingwood, 1945, p. 3). Here, the effects of the movements of the machine’s parts (i.e. changes in various dimensions of GG) add up ‘mechanically’ like vectors, and the effect is an additive ‘sum’ of these movements (e.g. GDP). No place for emergence and novelty here.

3. TOWARDS THE IDEA OF GG AS ‘ORGANIC’ AND EVOLUTIONARY

We have argued above that the idea of GG is quite unclear and even its World Bank’s conceptualization using six dimensions, is not free from doubt. The very first one is that these six dimensions are chosen somehow arbitrarily and that the boundaries between them are quite vague. If this is so, then a rational strategy is to assume that these dimensions interpenetrate each other. Or, in other words, that they combine ‘chemically’, rather than ‘mechanically’. Therefore, even a small change in one aspect of GG can lead to a huge change in another, and thus can have an important impact on the quality of governance as such. It seems very probable that one of the important reasons for the rise of ‘micro’ studies dealing with GG issues was the great complexity of factors responsible for the quality of governance that made extensive cross-country studies very difficult. Large N-studies in GG have a big scope and, at the same time, are quite imprecise in identifying the GG success factors. Also, there is the huge problem of the endogeneity of variables taken into consideration in such studies. ‘Micro’ studies, on the contrary, are limited in scope and usually focus only on a given country, but they are quite successful in identifying conditions for growth. In that respect such studies can be mentioned as Hausman and Rodrik’s (2005) research on El Salvador, as well as Rodrik’s (2003 and 2007) books. An interesting result of these studies is that economic growth can be stimulated by a small number of changes rather than by implementing a long list of GG principles. However, these changes must focus on the most important barriers to growth. As Rodrik (2003, p. 15) claims:

“The onset of economic growth does not require deep and extensive institutional reform. This is one of the most important (and encouraging) lessons that emerge from the country narratives. It is also a lesson sharply at variance with conventional wisdom on institutional reforms, which holds that their complementary nature requires a long list of such reforms to be pursued simultaneously” [italics in original].

In such a conceptualization of a growth diagnostic, a better governance in a given country is an emergent phenomenon of the underlying processes. Often these processes are of a hidden nature. However, even if they are easily visible, then making a link between them and their ‘result’(more precisely a better governed country) is usually impossible, since a better governance has an emergent nature. The term emergence is used here to describe how:

“the higher orders of being are not mere resultants of what went before [...] thus the higher [here: the quality of governance] is not a mere modification or compilation of the lower but something genuinely and qualitatively new, which must be explained not by reducing it to terms of the lower out of which it grew but according to its own proper principles” (Collingwood 1945, pp. 158-159)

Or, as Hodgson (1998, p. 157) conceptualizes it, an emergent property (here: the quality of governance) may be defined as a characteristic of a complex system that:

“(a) can be described in terms of macro or aggregate-level concepts, without reference to the attributes of specific micro-level entities, (b) persists for time periods significantly greater than those required for describing the underlying microinteractions, and (c) is not explicable entirely in terms of the microproperties of elemental components of the system”¹.

An important feature of the emergent properties is that they are very sensitive to changes in initial conditions, namely that a small change on a micro level can have a huge effect on the macro one. As Kauffman (2002, p. 170) puts it: “a small initial change can have large-scale consequences”². Coming back to the issue of GG, one can conclude that a small change in one of its dimensions can have a huge effect on the quality of governance. However, the issue at stake here is how to discover this very crucial factor that can serve as a catalyst for making the governance better. We will come back to that question after presenting a basic conceptual framework of complexity economics which will enable us later to look at the idea of GG from the perspective of evolutionary economics.

¹ Similar insights were given by K. Popper who, for instance, remarked that: “We live in a universe of emergent novelty” (1974, p. 281), “[a novelty], which is not completely reducible to any of its preceding stages” (1982, p. 162).

² See, e.g. Cartwright and Hardie (2012) for an interesting discussion about causal conditions for given outcomes. According to these authors we do not have a universal method of causal inference. In the context of our research it means that we do not have a universal “causal-process” describing the linkages between “dimensions” of GG, the quality of governance as such, and the level of socio-economic development.

4. USING COMPLEXITY ECONOMICS APPARATUS TO MODEL THE MECHANISM OF EVOLUTION

Complexity economics (CE henceforth) treats “the economy as an evolving, complex system” (Brian Arthur et al., 1997) which is a form of the adaptive nonlinear network where such patterns as out-of-equilibrium dynamics, perpetual novelty (emergent phenomena), continual adaptations, cross-cutting hierarchical organizations, and no global controller are present. Contrasting CE with the so-called traditional economics, one can find important differences that are presented in table 1³.

Table 1
Five ideas that make complexity economics and traditional economics different

	Complexity Economics	Traditional Economics
Dynamics	Open, dynamic, nonlinear systems, far from equilibrium	Closed static, linear systems in equilibrium
Agents	Modelled individually; use inductive rules of thumb to make decisions; have incomplete information; are subject to errors and bias; learn and adapt over time	Modelled collectively; use complex deductive calculations to make decisions; have complete information; make no errors and have no bias; have no need for learning or adaptation (are already perfect)
Networks	Explicitly model interactions between individual agents; networks of relationships change over time	Assume agents only interact indirectly through market mechanisms (e.g. auctions)
Emergence	No distinction between micro and macroeconomics; macro patterns are emergent result of micro-level behaviours and interactions	Micro and macroeconomics remain separate disciplines
Evolution	The evolutionary process of differentiation, selection, and amplification provides the system with novelty and is responsible for its growth in order and complexity	No mechanism for endogenously creating novelty, or growth in order and complexity

Source: Beinhocker (2006, p. 97)

³ By traditional economics we understand a neoclassical economics based on the general equilibrium framework. Therefore, traditional economics is not identical with mainstream economics which currently consists of such research areas as institutional economics, experimental economics, behavioural economics, law and economics, among others. Consequently, the real contrast is between CE and neoclassical economics (here called traditional economics) and not between CE and mainstream economics. For further discussion, see Colander (2000), and an interesting description of CE (including Polish translation of the table here presented) is given by Wojtyna (2008).

In CE, the focus is mainly on dynamic evolutionary processes. Thus an interesting issue is how these processes can be “modelled”. Since we are in the realm of economics, we are interested how economic (or market) evolution can be conceptualized. Not surprisingly, the research apparatus taken from evolutionary biology is of great help here. As far as this study is concerned, the six ideas presented in Beinhocker’s (2006) book are important, i.e. *a schema* which designs a given entity (in biological evolution that role is played by DNA), *a schema reader* (in the biological realm that is a mechanism that turns DNA, a schema, into living creatures), *an interactor* which is an entity built by a schema reader (in biology a living organism built according to a schema that is read by a schema reader), *a fitness function* that defines how well a given interactor fits with the environment (e.g. the swimming speed of fish), *a design space*, i.e. the total number of possible structures (here: interactors) that can be built using different schemas (e.g. if a schema consists of just four letters – A, B, C, D, then we have 24 permutations, to be precise 24 possible interactors), and finally *a fitness landscape* which shows us visually where good designs in a design space are located. Therefore, and for the sake of simplicity, in a two dimensional design space (here a schema consists of two variables, each, for instance, can take its values from 0 to n) the goodness of a given design can be conceptualized as the height of a given point over a two dimensional surface (see Figure 1)⁴.

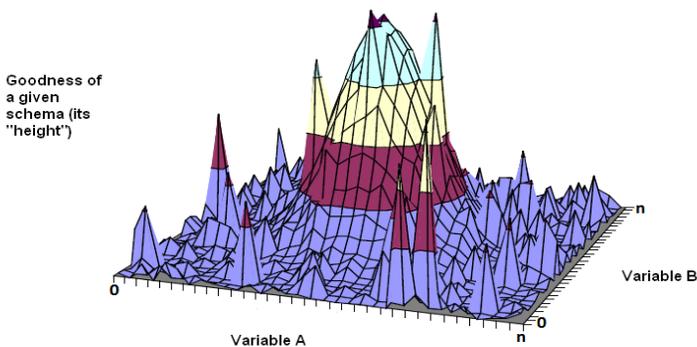


Fig. 1. An example of a two dimensional fitness landscape
Source: Modified figure from Beinhocker (2006, p. 256)

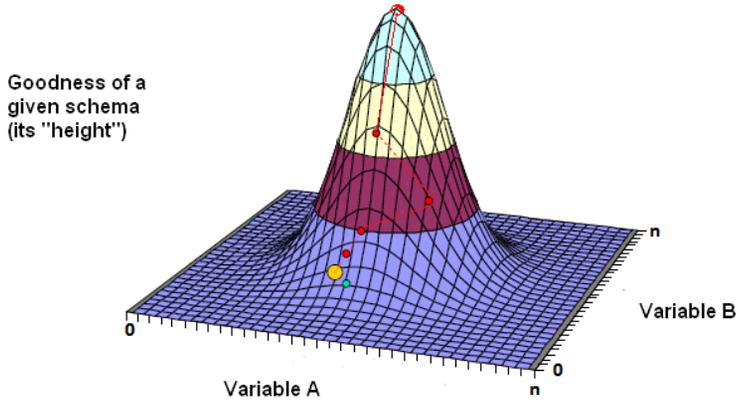
⁴ The range of the values of variables presented here and the roughness of the design space are chosen arbitrary for illustration purposes. For an in-depth discussion about the idea of design space, see e.g. Kauffman (1993).

So, we have here a fitness function which tells us what is the height of a given pair of A and B over the surface. Also, we see that a schema consists of two modules: A and B. Since we operate on continuous values, there is an infinite number of possible schemas. Our problem is thus to find a schema giving us the highest possible point. Now, following Beinhocker's (2006) conceptualization as an example of how design space reasoning works in practice, we should give the economic counterparts to the above described concepts from evolutionary biology, and in the subsequent parts of the paper we will discuss GG issues in these terms. Therefore, *a schema* is a business plan; *a module* is an element of a business plan (e.g. a strategy, a given organization of production, etc.) that has provided in the past, or could provide in the future, a basis for differential selection between businesses in a competitive environment, *an interactor* is a given business (not a firm as such), a management team is *a schema reader*, *a fitness function* is usually the profit function which measures the relative success of a given business built upon a given schema. A module is a unit of selection, i.e. a business plan usually consisting of modules that proved previously to be the success factors.⁵

It is interesting to note that we may have very different shapes of fitness landscapes with diverse sets of peaks and valleys as well as flat surfaces. What is clear, and what is immediately noticeable in Figure 1, is that a small change in a schema can lead to a huge change in its corresponding fitness (here: its height). If the players, e.g. businesses, do not know the shape of the fitness landscape, then finding the highest point is not a trivial exercise. Different search methods can thus be used. For instance, we can start from the random combination of A and B and in subsequent moves just try to find a neighbouring point that is located higher than the previous one. If this is so, we move there and so on. If not, we come back and again we try to find a higher place. That strategy works perfectly in landscapes with only one peak (e.g. Figure 2A with an example of a path to the top), however, in more complex landscapes where there are different peaks, there is a risk that using this strategy one can find a peak which is not optimal (or which is only "locally optimal") (e.g. Figure 2B where a peak with a red circle is a suboptimal choice and the one with a dark blue circle is the optimal one).

⁵ The idea of *a scheme* (*a module*) is to some extent similar to the one of *a routine* (see, e.g. Kwasnicki 1992), whereas the one of *a fitness landscape* is analogous to the idea of *a space of routines* (Kwasnicki 1996, p. 162).

A:



B:

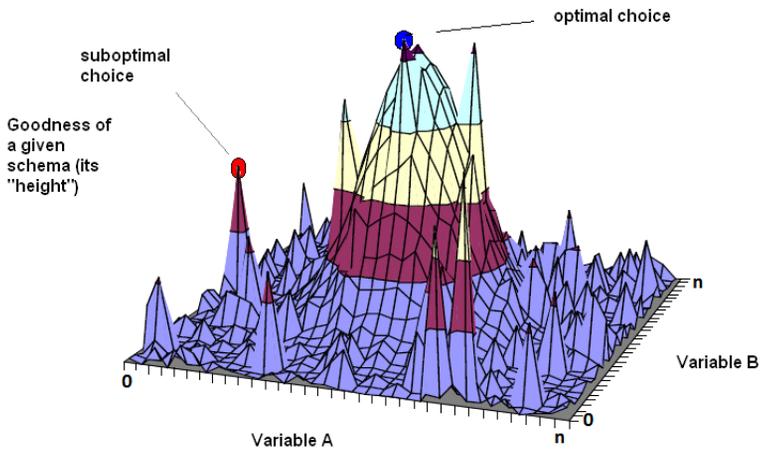


Fig. 2. Different forms of fitness landscapes

Sources: Own conceptualization based on Beinhocker's ideas

So, an interesting question is how to find the optimal point (i.e. the best possible schema) when the landscape is such as in Figure 2B. It occurs that

an interesting strategy can be an adaptive walk (i.e. take a step in a random direction; if the step led you up, stay there and take another random step, if not, return to where you were before). With random jumps you just chose a random point and hence there is no risk of getting stuck on a local maximum. In that mix strategy, we somehow combine exploration (random jump) with exploitation (adaptive walk). It is not our goal in this paper to elaborate further on different search strategies, however, there is a straightforward lesson even from the brief discussion just presented – the more efficient the evolutionary mechanism, the higher the probability of arriving at the optimal point. Thus the right question is how to make the socio-economic system evolve better, i.e. how to lower the cost of search – penetrating the fitness landscape. We will come back to this issue in the next section, where we will try to use the above described ideas to discuss the concept of GG.

5. THE IDEA OF GG IN THE PERSPECTIVE OF COMPLEXITY OF ECONOMICS

If our task is to make the socio-economic system to evolve better, then we need a proper GG initiative to make it happen. Earlier in the paper we made a distinction between an essentialist GG strategy, where we try to tackle all GG deficits at once, and the concept of good enough governance where we focus only on limited GG issues, namely the most important barriers to make governance better. However, bearing in mind the emergent nature of good governance, as well as the fact that small reforms can have a huge effect on it, it is not so easy to figure out what are the changes that would improve the quality of governance with the most profound effect. As far as the problem we are facing is of a non-decomposable nature, i.e. it has a fitness landscape in which the value of solutions depends on interactions among design choices (here: among modules of a schema) and thus it cannot be reduced to a set of sub-problems (also due to its emergent nature), a special search strategy should be applied (Nickerson and Zenger, 2004, p. 620; cf. Simon, 1962). Also, non-decomposable problems are problems with very rugged landscapes (e.g. the one in Figure 3).

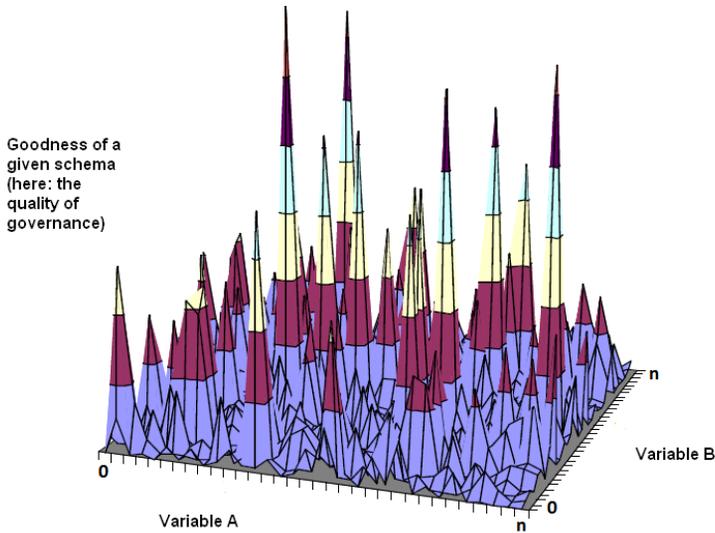


Fig. 3. A typical landscape for a non-decomposable problem (here: the problem of making the governance better)

Sources: Own conceptualization based on Beinhocker's ideas

Since the problem of finding an optimal 'mixture' of various kinds of initiatives for making the governance better is of a very complex and non-decomposable nature, then the values of solutions (here: the quality of governance) depend on the interactions among design choices, i.e. among modules (here: six dimensions of GG). So we have a problem which cannot be divided into subproblems; also, while crafting GG initiatives we have very limited possibilities of experimenting, namely of simply using the method of trial and error. In other words, a cognitive search is needed here, more precisely "a solution search in which an actor or a group of actors cognitively evaluate the probable consequences of design choices rather than relying solely on feedback after design choices are made" (Nickerson and Zenger 2004, p. 621). Moreover, trials are selected on the basis of implicit theory of how knowledge sets (dimensions of GG) interact. One can treat these representations as a cognitive fitness landscape. In practice, we usually have groups of people trying to solve non-decomposable problems; in our case we may have six groups of experts, each dealing with a given dimension of GG. Although they may develop quite diverse conceptualizations of fitness landscapes (including the opinions on the relative importance of each of the dimensions), they should have in mind

that “only by developing heuristics that encompasses the knowledge of all actors can the probability of discovering highly valued solutions be enhanced” (ibid.). Therefore, as in the case of building a high speed microprocessor, it is hardly imaginable that this task is to be divided into subproblems undertaken by groups of people working separately, also the same holds for solving the GG problem, i.e. it should be solved in a joint corroboration of stakeholders interested in making the governance better. So, one needs an overlapping theory while searching for an efficient strategy of GG implementation. It is no surprise that such theories are offered by various micro studies on GG, e.g. the conceptual framework for growth diagnostic presented in Rodrik (2007) (see Figure 4).

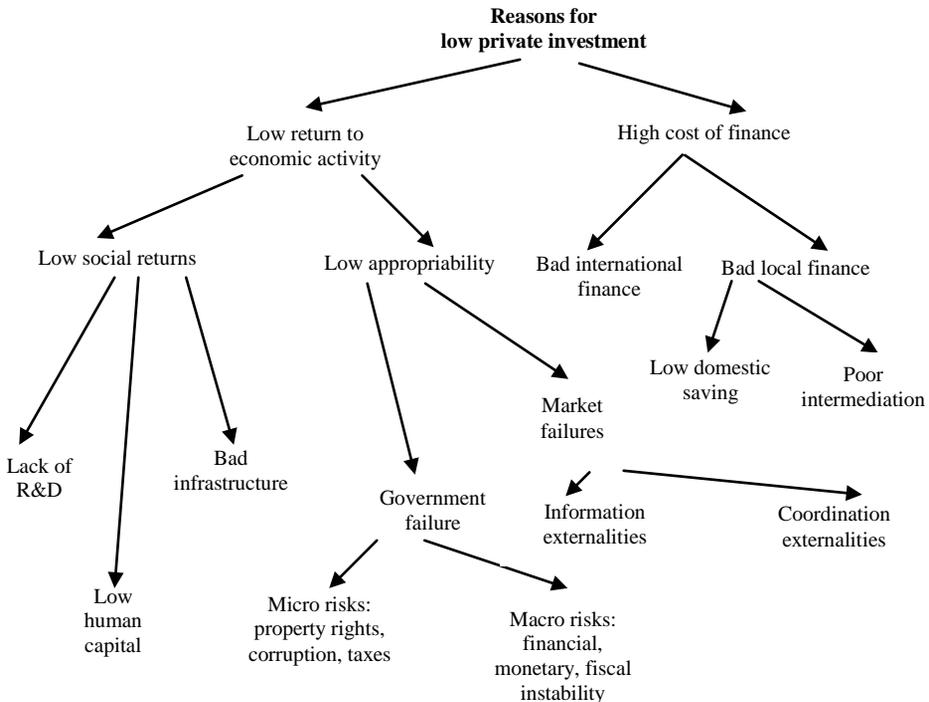


Fig. 4. Growth diagnostic by D. Rodrik (2007) as an example of a cognitive representation of a fitness landscape of a typical GG problem

Source: Rodrik (2007)

It is not necessary to explain in detail the above cognitive representation of the various interplays between the factors responsible for growth. What is important, is that even such an easy schema enables cooperation of various groups of researchers working on different factors of economic growth. Coming back to our problem, namely of finding a crucial dimension of GG which has the highest potential of unlocking the process of making the governance better, we should conclude that “only by developing heuristics that encompass the knowledge of all actors can the probability of discovering highly valued solutions be enhanced” (Nickerson and Zenger 2004, p. 621). An important lesson emerges here, namely that strong interactions between experts dealing with various aspects of GG are needed. However, as in every process of group decision making, group heuristics are negotiated beliefs that are shaped not only by the quality of the actors’ arguments, but also by each actor’s self-interest and political position (Walsh and Fahey, 1986). A trivial example of such a situation could be an internal conflict over the shape of a development assistance program to be implemented by an international organization, where we can have a group of experts dealing with one aspect of GG (e.g. the role of free media) which seems to be not the most important one, however, since going abroad for a development mission is usually very well paid they may do everything they can in order to put the free media high on the agenda. Therefore, the process of preparing a GG strategy should also be well crafted, e.g. by including a recommendation that the person who prepares the development strategy should not profit personally from the later implementation process, etc. Despite the fact that we cannot give a universal recommendation of which GG dimension should first be implemented, we may give some insights based on the above discussion of how to organize the process of searching for such a ground-breaking element from the GG menu. We will do this in the subsequent section.

6. CRAFTING AN APPROPRIATE STRATEGY FOR MAKING GOVERNANCE BETTER. LESSONS FROM CE

Coming back to Beinhocker’s conceptualization of an evolutionary search process and applying it to the problem of finding an efficient sequence of GG initiatives, we may treat each dimension of GG as a *module* in a *schema*, here the strategy of implementing GG. Also, we have a *schema reader*, namely a group of people responsible for putting the GG strategy

recommendations into practice. Finally, we have a *fitness landscape* describing the values of GG strategies (i.e. combinations of its modules) and that is a really rugged landscape. So, in the first step our goal is to organize a process leading to the identification of that element (political, social, cultural, financial, etc.) of the socio-economic system which is, to the greatest extent, responsible for the low quality of governance in a given country. That should be done using the so-called heuristic search method (described in the above section of the paper). In most cases, we will just search for a factor blocking the trade or investment activity of individuals and firms (see Figure 4). If we succeed in eliminating that barrier, then we should observe what is going on in the system and try to identify another one, and so on. Thus, using that approach, we should be able to implement good governance ideas, described by its six dimensions, in a step by step manner.

The complexity approach presented here also warns us that it is really difficult to implement the whole agenda of GG at once, and even that this can be counterproductive. Therefore, including countries like Poland, an in-depth growth diagnostic should be done before choosing the right mix of GG initiatives. Unfortunately, in the public (and academic) discourse on the need of implementing a GG agenda, what dominates is the strong call for a broad GG agenda without a hierarchization of dimensions. Take for example the way the good governance initiative is defined in the Human Capital Operational Program 2007-2013, where the planned projects range from investment in a better judiciary system to an enhanced partnership (not defining what it means). This is regrettably coherent with the way various Polish governments formulate development strategies which are always very long documents, covering nearly all aspects of the socio-economic system, and which do not have a clear hierarchy of initiatives to be undertaken. This is what should be avoided in the debate on the GG program for Poland. It should not be a long list of projects put under six GG dimensions; rather it should include a growth diagnostic and only then a hierarchy of GG initiatives. What can be seen as a paradox of the current debate on making GG happen, is that various stakeholders claim that the Polish state is very weak, however, on the other hand, they are proposing a list of the things that should be done in the area of GG that is beyond the capacities of most developed countries. Therefore, the problem is not only what and in which order, but also how it should be delivered.

7. CONCLUSIONS

The main message we subscribe to in this article is that tackling all the governance shortcomings at once is impossible even in most developed countries. Therefore, the idea of good enough governance seems to be more realistic, especially from the implementation perspective. What follows, and what forms the very message of complexity economics, is that in very complex systems (as e.g. socio-economic) small changes in strategies that are implemented can lead to very diverse results. Since it is difficult to make experiments on a national scale, then what is important is to heuristically search for these elements of the GG menu that have the highest potential to make an impact. However, such a search requires a common cognitive map of the interplays between various elements of the GG approach responsible for economic growth. Or, in other words, before implementing (and crafting) a GG initiative, an in-depth growth diagnostic should be made. Consequently, instead of a long list of things to be done at once in the area of GG, it is better to have a hierarchical (in a time-bound perspective) list of initiatives that can play the role of a catalyst for better governance.

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