

### Summary of the report

## Mapping the Quality of Government in Europe

An analysis at the national and regional level within the EU member states

**Nicholas Charron, Victor Lapuente och Bo Rothstein**

In this report, the authors revisit the issue of corruption in the European Union, a ‘ghost’ that has been haunting modern democracies and undermining citizens’ well-being around the world. Over the past decades, the EU has witnessed parallel processes of convergence and divergence. On the one hand, peripheral regions have caught up with core regions. On the other hand, there are rising disparities between better-off and worse-off regions, and there are indications that these socio-economic disparities among regions (sometimes within the same country) are due to differences in the governance of public institutions.

In line with recent findings in comparative politics and economics, the authors argue that geography matters for economic and social development. The evidence indicates that the quality of government – defined as control of corruption, impartial treatment of citizens, prevalence of the rule of law, and government effectiveness – plays an important role in supporting regional development.

This report builds on and adds further data to a previous research project (Charron, Lapuente and Rothstein 2011) showing the existence of large variations of the quality of government across European regions. Herein, the authors start by presenting the methodology and results of a second and largest survey at a sub-national level in Europe, which includes 206 regions and 84,000 citizens, and was produced by the Quality of Government Institute at the University of Gothenburg in 2013. Together with governance indicators provided by the World Bank Research Institute, the data enables

the building of a more extensive and robust European Quality of Government Index (EQI).

Subsequently, the authors present the theoretical arguments and the empirical evidence supporting the hypothesis that the quality of government is a crucial factor for explaining asymmetric socio-economic performance across EU regions. They also explore how good government is linked to three central EU policy goals – i.e. to ensure smart, sustainable, and inclusive growth. An important caveat is that the causal arrow can go in both directions: from good governance to smart, sustainable, and inclusive growth, and vice versa. It is in fact likely that there are feedback effects between these variables. Consequently, the authors disentangle challenges with improving institutional and government quality and discuss how regions may be caught in a self-reinforcing equilibrium of either vicious or virtuous circles of government quality.

The conclusions point out the policy implications emerging from this research, in particular, the need for meritocratic reforms in those regions with lower levels of quality of government. Meritocratic reforms are relatively costless in economic terms, and highly effective in curbing corruption and improving governance. Yet meritocratic reforms are politically costly for political incumbents, as their power largely rests on the existence of pervasive patronage networks. To the very least, the European actors interested in good government should put these reforms on the public agenda, to make public these contradictions of good government.