

Quality of Government:

What you get – What it is - How to get it

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The Quality of Government Institute (QoG)

- Started in 2004 (minor grant to build database)
- Major funding from January 2007 (Bank of Sweden Foundation) and 2009 (Wallenberg Foundation)
- About 25 researchers + 6 assistants
- A problem driven research program
- Two *open access* major cross-country databank
- About 100 reports, articles, etc.
- Just Google "QoG"

Intellectual background

- Institutional economics
- Development studies
- Democratization studies
- World Bank Research Institute
- Social capital research
- TI, EBRD, Council of Europe, African Union
- An international anti-corruption/good governance regime?

The Issue of Water

- WHO: About 12.000 people die every day due to lack of access to clean water
- Two thirds are children
- Not a problem of lack of natural water
- Not a lack of technical solutions or equipment
- Basically a problem caused by
- ... CORRUPTION

The first failed hope: Marketization

- "The encounter between neo-classical economics and developing societies served to reveal the institutional underpinnings of market economies. A clearly delineated system of property rights, a regulatory apparatus curbing the worst forms of fraud, anti-competitive behavior and moral hazard, a moderately cohesive society exhibiting trust and social cooperation, social and political institutions that mitigate risk and manage social conflicts, the rule of law and clean government--these are social arrangements that economists usually **take for granted**, but which are conspicuous by their absence in poor countries."
- Dani Rodrik (1999).

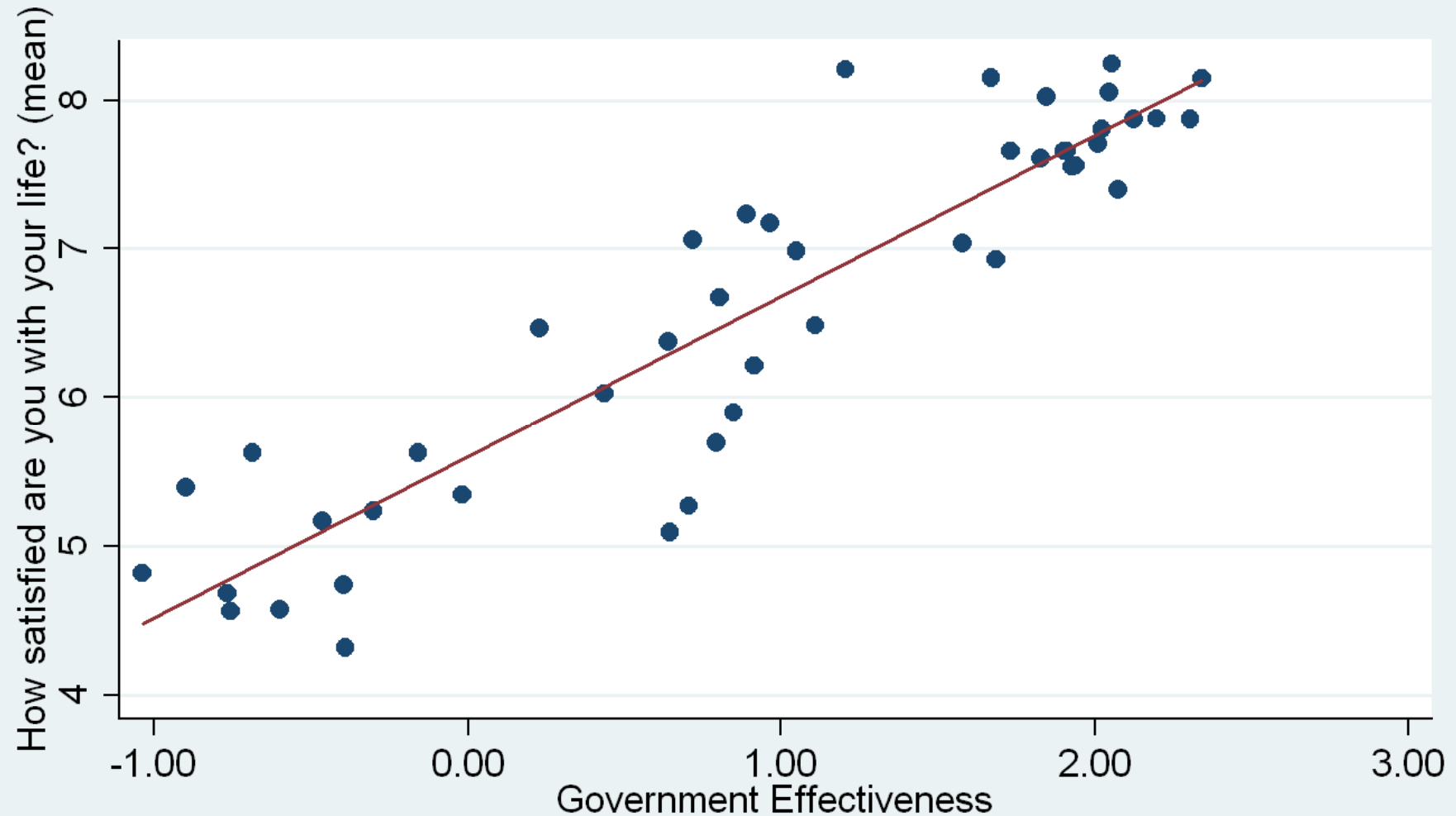
The second failed hope: Democracy

- There is a specter haunting democracy in the world today. It is bad governance.... Governance that is drenched in corruption, patronage, favoritism, and abuse of power. ...Where power confers virtually unchecked opportunities for personal, factional, and party enrichment, it is difficult if not impossible to sustain democratic rules of the game. The democratic spirit of elections drowns in vote-buying, rigging, violence, or all three.....
- Diamond, Larry. 2007. "A Quarter-Century of Promoting Democracy." *Journal of Democracy* 18:118-120.

QoG – what you get?

- Economic prosperity
- Life satisfaction
- Low Infant mortality
- Reduced Poverty
- Access to safe water
- Health care
- Peace
- Political legitimacy

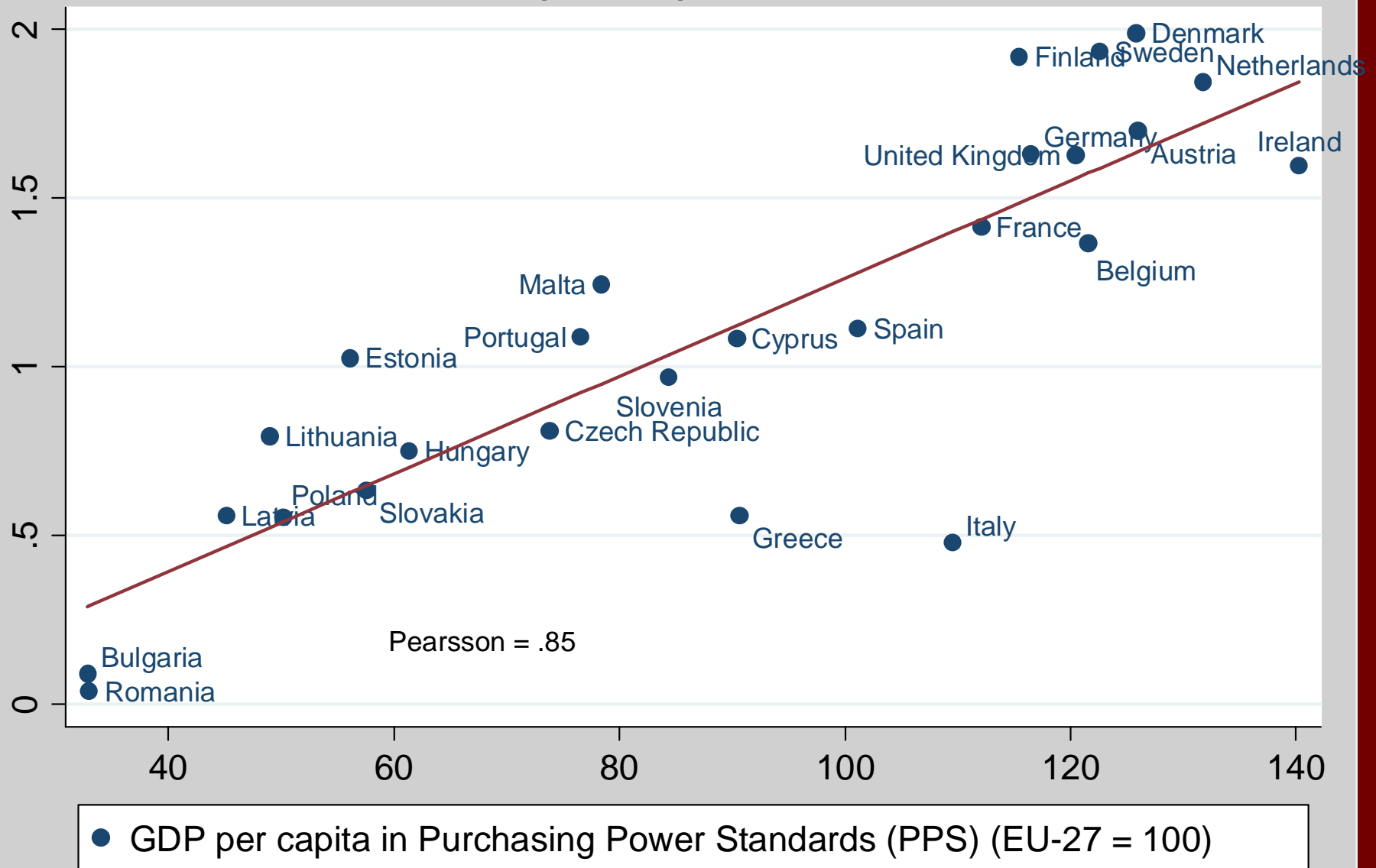
Life Satisfaction vs. Government Effectiveness



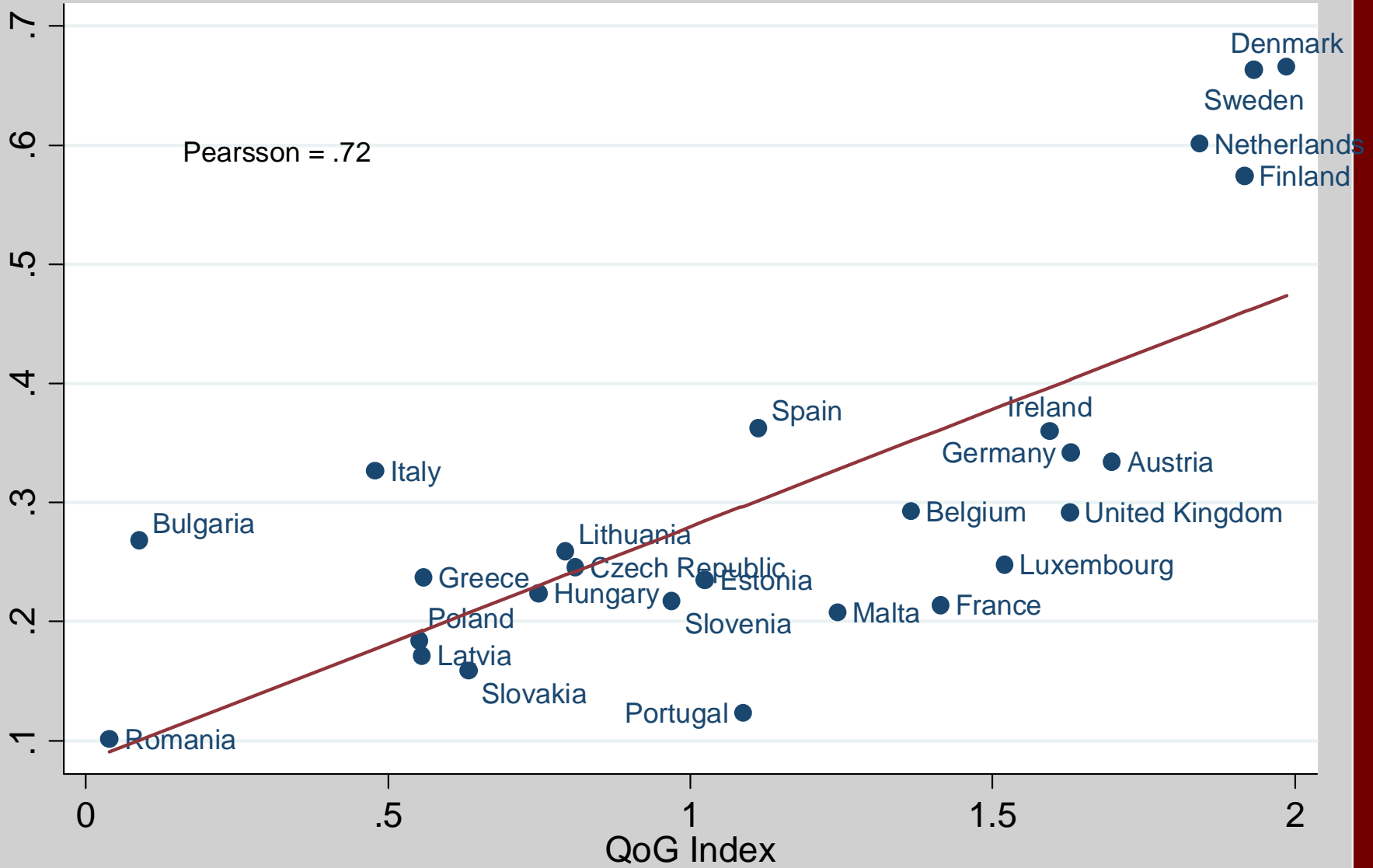
R²=.83

Source: World Values Survey 1999-2002, World Bank Governance Indicators 2002

GDP per capita and QoG



Social Capital and QoG



QoG and Social Trust

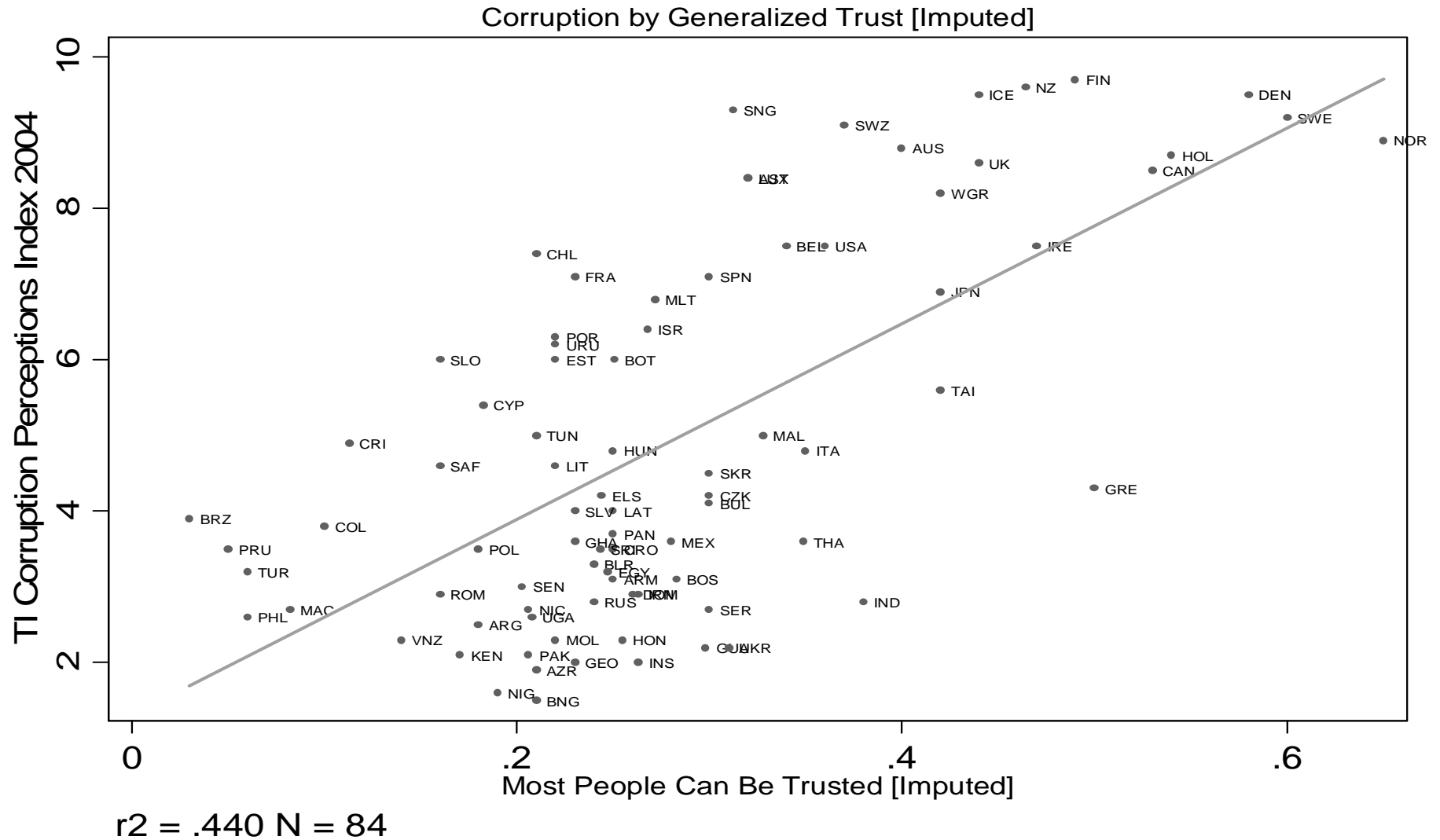
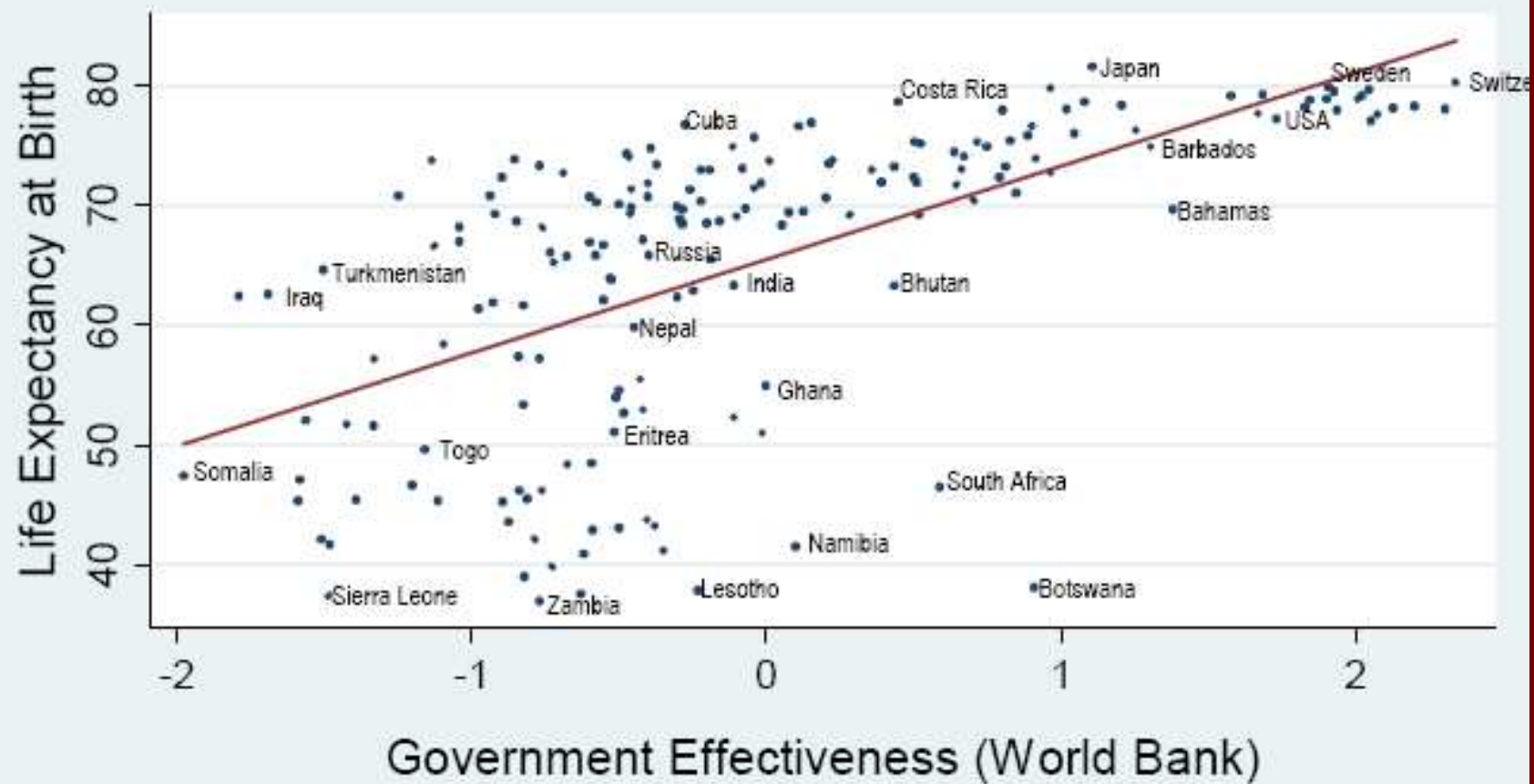


Figure 11

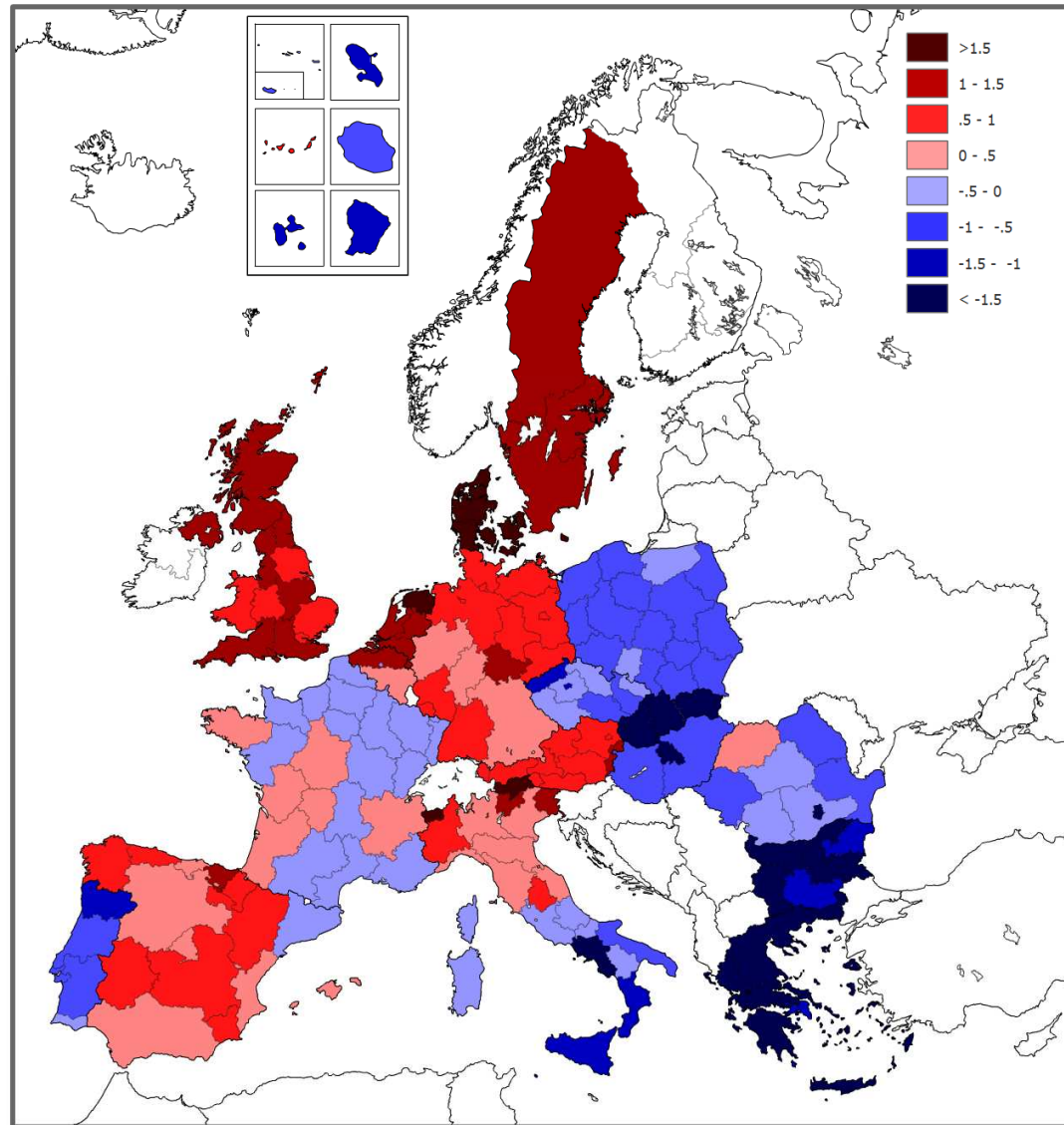
Life Expectancy at Birth vs. Government Effectiveness



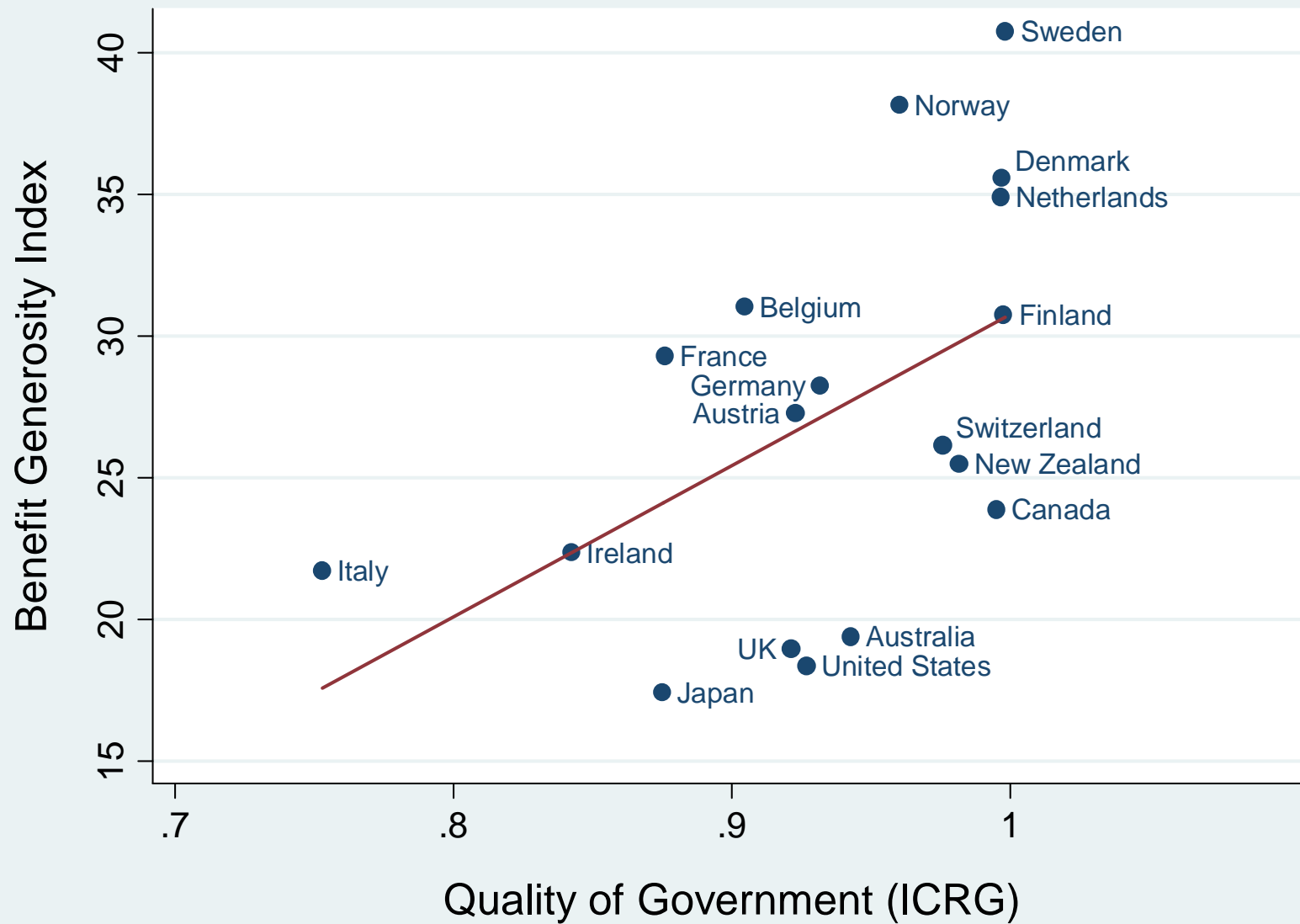
R-squared=0.38

Source: World Development Indicators 2002, World Bank Governance Indicators 2002

QoG at the regional level in EU



Social Policy and QoG



Corruption and the economic crisis

- Papandreou: At the heart, our economic crisis has not come from outside but is caused by our own internal corruption
- Daniel Kaufmann: “If anybody thought that the governance and corruption challenge was a monopoly of the developing world... that notion has been disposed completely”.

Is democracy overrated?

- On almost all measures of social outcomes, QoG variables clearly or massively outperform measures of democracy.
- The impact of democracy on development and poverty reduction is negligible
- This includes propensity for violent conflicts

What Explains Political Legitimacy?

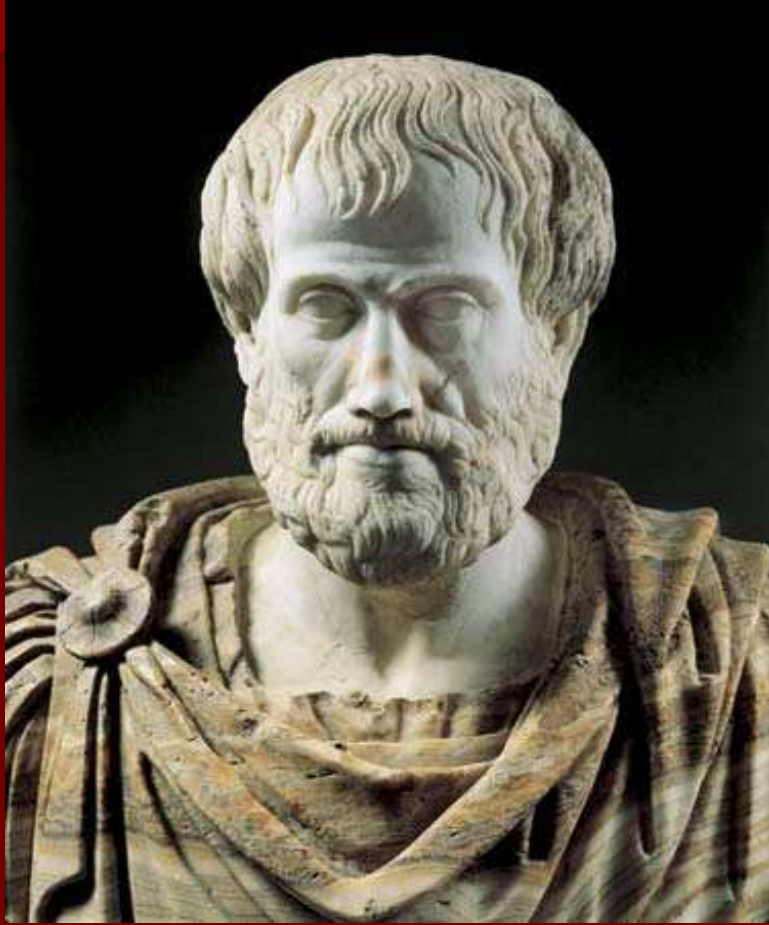
- "General governance (a composite of the rule of law, control of corruption and government effectiveness) clearly has a large, even overarching, importance in global citizen evaluation of the legitimacy of states."
- "it is notable that democratic rights, while certainly qualifying as one of the most important causes of legitimacy, turn out to be roughly on par with welfare gains, and both of these are far less important than good governance. This clashes with standard liberal treatments of legitimacy that give overall priority to democratic rights" (Bruce Gilley 2006)

My favorite bumper sticker:

**Be nice to America.
Or we'll bring democracy
to your country.**

www.democracyforamerica.com

The Aristotelian Legacy



- What type of government "creates" virtuous behavior
- Why do different societies have different types of government qualities

Reflections on the discipline?

- Why so little research on corruption/QoG?
- Why so much interest on politics and dependent variables and not social outcomes?
- Where is public administration in all this?
- How to handle that representative democracy may be quite overrated?

QoG: What it is?

- Quality of Government (good governance) is important but,
- yet no clear definition of what it is
- Definitions are either
 - too broad,
 - too narrow
 - functionalist
 - or simply wrong
 - or normatively problematic

Too broad definitions of QoG:

- Kaufmann et al. 2004: “the traditions and institutions by which authority in a country is exercised”
- “(1) the process by which government are selected, monitored and replaced, (2) the capacity of the government to effectively formulate and implement sound policies, and (3) the respect of citizens and the state for the institutions that govern economic and social interactions among them” (Kaufmann, Kraay, and Mastruzzi 2004, 3)

Problems

- If QoG is everything, than maybe it is nothing
- If QoG is just "good democracy", then why do you need another concept
- QoG can not be just Democracy because the curve between D & QoG is J-shaped
- Singapore vs Jamaica
- "Sound policies": Do we really know?
- and the Plato-Leninist Problem

Underspecified definitions of QoG

- Absence of corruption, but
- Corruption in itself difficult to define
- The “laundry list” problem
- Corruption as a violation of what in public opinion is accepted – but public opinion varies a lot
- Corruption as violation of the public interest – again a lot of variation in what is considered the public interest
- Corruption as a abuse of public office for private gain
- But what should count as “abuse”.
- These definitions lack a normative baseline.

Too narrow definitions of QoG

- Many government activities that are usually not considered corrupt can be seen as causing low QoG
- For example: Various forms of discrimination, clientilism, corporatism, exchange networks, system of patronage, patrimonialism, etc.

Functionalist definitions of QoG:

- La Porta et al. (1999, 223): “good governance” = “good-for-economic-development”
- *The Economist* (June 4th, 2005):
- *“What is required for growth?”*
 - *Good governance.*
- *And what counts as good governance?*
 - *That which promotes growth.”*
- *But then what promotes growth?*
- *- Good governance*
- *And so on....*

Definitions that are simply stupid and/or wrong

- Most economists: Small government = High QoG
- Alberto Alesina: "a large government increases corruption and rent-seeking"
- Gary Becker: "To Root out Corruption, Boot Out Big Government"
- But what about the Scandinavian countries?
- High corruption equals small governments
- Big Government is Good Government!

The data....

- “Finally, we have consistently found that the better performing governments are larger and collect higher taxes. Poorly performing governments, in contrast, are smaller and collect fewer taxes” (LaPorta et al 1999)

however.....

- “this result does not of course imply that it is often, or ever, socially desirable to expand a government of a given quality, but it tells us that identifying big government with bad government can be highly misleading” (ibid.)

Requirements of definition of QoG

- Universalism
- Precision
- Non-functionalist
- Connected to democratic theory
- Resonate with (at least some works in) modern political philosophy
- Resonate with central empirical findings

QoG = Impartiality

- When implementing laws and policies, government officials shall not take anything about the citizen/case into consideration that is not *beforehand* stipulated in the policy or the law
- QoG is about the *exercise* of power, not the *access* to power
- Brian Barry's mistake

Impartiality as the Basic Norm

- Input side: Political Equality (Robert Dahl)
- Output side: Impartiality (Rothstein & Teorell)
- BASIC NORM = In both cases, we should expect considerable variation in the specific institutional configuration
- Why only one norm?
- The "laundry list" problem

There are two ideas about what is considered acceptable in a democracy

- Input side (the access to political power):
Partiality
- Output side (the exercise of political power):
Impartiality

Michael Walzer's theory about different types of norms in different social spheres

- Great idea but....
- historical and particularistic
-indefinite number of spheres
-the theory is not general enough
-we need a "global" theory of QoG

Dimensions of interest and societal spheres

Type of Interest

Other-Regarding

Self-Regarding

"All" **The State**

The Market

Scope of Interest

"Few" **The Family/
Clan**

**The Interest
Group**

Alternative definitions of QoG

- Transparency
- Accountability
- Efficiency
- Rule of law

Impartiality as an ideal

- Every known democracy today is light years away from political equality as an ideal
- Most western type of states are probably closer to the ideal of impartiality in the exercise of power than to realizing political equality in the access to power

Impartiality and its critics

- Public choice and Marxism
- Public administration
- New Public Management
- Multi-culturalists, post-colonialists and (some) feminists
- Conclusion: Impartiality is not connected to certain individuals but to a certain societal sphere

QoG as Impartiality - examples

- Not the same as the rule of law
- Not confined to Weberian rule-following
- Covers corruption but also discrimination, patrimonialism, corporatism, clientilism, etc.
- As Dahlsian or Rawlsian "political equality democracy", QoG as impartiality is neutral. It is not connected to a neo-liberal or neo-leftist conception of what is good politics

Against Post-Colonial Relativism

- Frantz Fanon: *The Wretched on Earth* (1961) – on the situation in liberated West African Countries:
- “Scandals are numerous, ministers grow rich, their wives doll themselves up, the members of parliament feather their nests and there is not a soul down to the simple policemen or the customs officer who does not join in the great procession of corruption “

QoG: How to get it?

The policy problem

- Impartial institutions has no clear support group(s).
- Impartiality is a kind of "credible, commitment" based on trust
- Impartial institutions are "public goods"
- We do not know how such institutions can be established in large-n settings

What do we know?

- Greif in Handbook of Institutional Economics 2005: Efficient institutions "operate in a few advanced contemporary countries and only in recent times. We know surprisingly little, however, regarding the institutional development that led to these modern successes"
- Or: HISTORY IS NOT EFFICIENT!

Two types of institutions

- **Redistributive institutions** (resources from A to B). Explained by power resources
- **Efficient institutions** (increases general well-fare for all). Explained as solutions to problems of collective action/social traps

(Tsebelis: *Nested Games*. 1990)

Institutions in two dimensions

	Formal inst.	Informal inst.
Efficient inst.	<i>Rule of law</i> <i>Impartial civil service</i>	<i>Social capital</i> <i>Generalized trust</i>
Redistributive inst.	<i>Social policy</i> <i>Labour laws</i> <i>Inheritance tax</i>	<i>Familism</i> <i>Corruption</i> <i>Nepotism</i>

Corruption: The Nature of the Problem

- The “principal-agent theory”
- “What’s in it for me”
- Incentives, incentives, incentives

- The “collective action/social traps” theory
- Reciprocity and tipping points
- “What can be expected of the others”
- Social norms, political culture, social trust

Corruption as a Collective Action - Social Traps Problem

- Everyone knows that if all act honestly all will win
- But – if people cannot trust that “almost everyone else” act honestly it is meaningless to be honest to because the end is contingent on honest cooperation by almost everyone
- Thus, dishonest behavior may be rational when people do not trust that others will also be honest.
- Conclusion: Efficient cooperation for establishing efficient institutions only come about if people trust that most other people will also choose to be honest.
- Lacking this trust, the social trap is for real. That is, we end up in a state of affairs that is worse for everyone, even though everyone realizes that they would profit acting honestly

John Rawls on efficient institutions

- “For although men know that they share a common sense of justice and that each wants to adhere to existing arrangements, they may nevertheless lack full confidence in one another. They may suspect that some are not doing their part, and so they may be tempted not to do theirs. The general awareness of these temptations may eventually cause the scheme to break down. The suspicion that others are not honoring their duties and obligations is increased by the fact that, in absence of the authoritative interpretation and enforcement of the rules, it is particularly easy to find excuses for breaking them” (Rawls, 1971, p. 240)

Conclusions

- The central factors behind most social ills in the contemporary world is low QoG
- Low QoG is not the exception, it is high QoG that is the exception
- Thus, the central object of study in political science (the STATE) is the main thing for improving social well-being
- Unfortunately, democracy is overrated
- But can the political scientists raise to this challenge?

Thanks for listening!

- Questions
- Comments
- Critique

