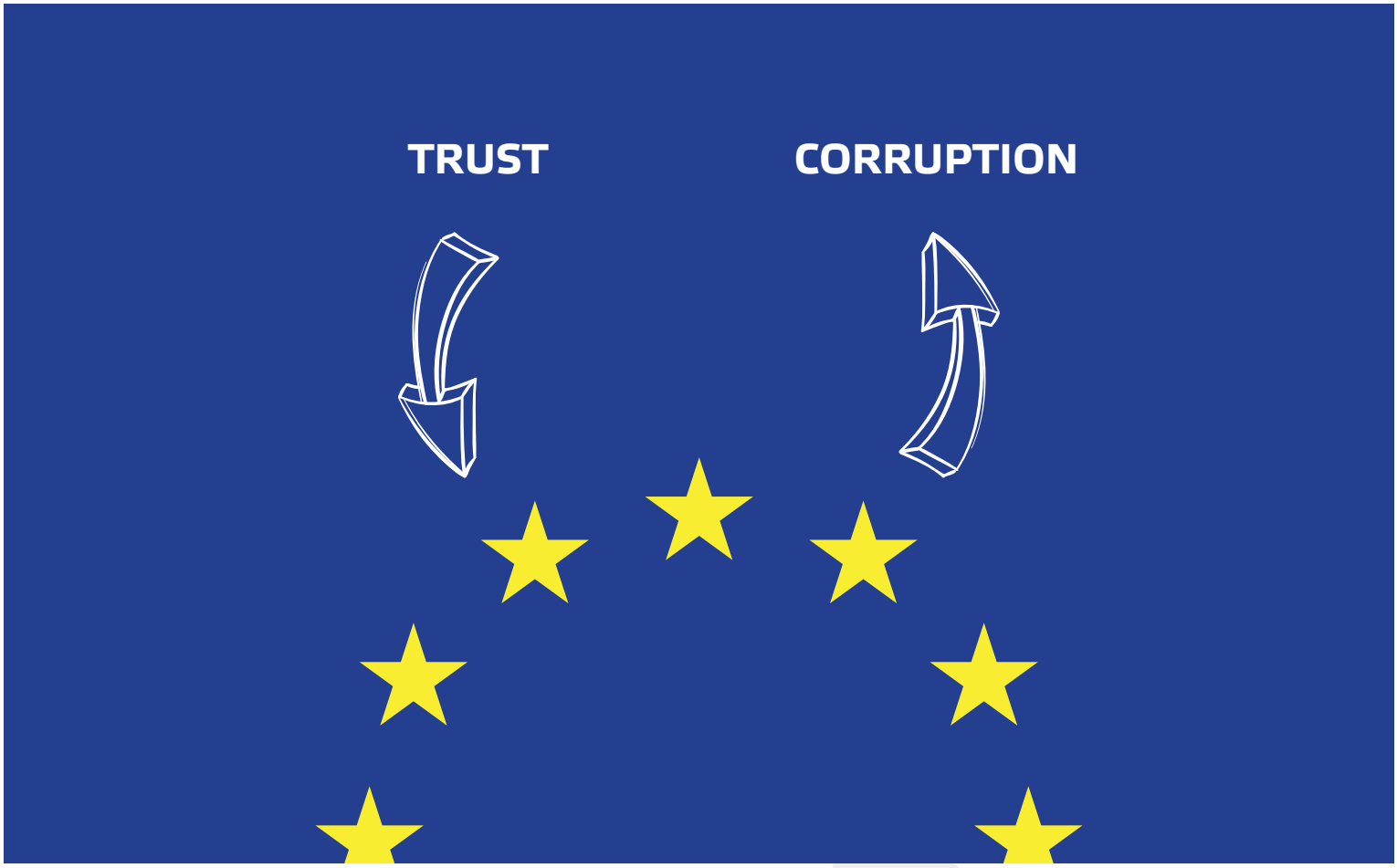

PUBLIC INTEGRITY AND TRUST IN EUROPE

European Research Centre for Anti-Corruption and State-Building (ERCAS), Hertie School of Governance

Berlin 2015

www.againstcorruption.eu

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Commissioned by:

In view of the Dutch Presidency of the European Union in the first half of 2016, the Dutch Ministry of the Interior and Kingdom Relations (BZK) has commissioned the current research to the Hertie School of Governance to analyse the relation between integrity and trust in the EU member states.

The authors remain responsible for all findings and conclusions presented in this report.

The content is not by definition a reflection of the views of the Minister of the Interior and Kingdom Relations.

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Executive summary

The current report is an analytical account of the state of the public's perception of governance, between 2008 and 2015, in the European Union and in EU Member States (EU MS). It considers *public integrity* as well as general trust and is a test of basic explanations as well as a hopeful attempt to offer an alternative approach which will allow more objective monitoring of governance. The main argument here is that economic performance alone does not explain the perceptible decline in trust, although it certainly renders Europeans more aware of how they are governed and more sensitive to it. Reduced trust reflects what Europeans in many member states perceive as both a decline in the quality of governance and the failure of current policies to redress it. Only in a minority of countries in present-day Europe we do encounter a clear majority who believe that success in either of the public or private sectors is due to merit. More than fifty per cent of all Europeans now believe that the only way to succeed in business in their country is by exploiting political connections, with only something fewer than a quarter of all Europeans agreeing that their government's efforts to tackle corruption are effective. The countries where citizens perceive higher integrity and better governance are those which have managed to preserve high levels of trust despite the economic crisis.

S1. Section one introduces the concepts used in this report, as well as their proxies in the data (**Table 1**). We discuss trust in relation to governance, defined as the set of formal and informal rules of the game regulating the distribution of public resources in a given society. We range governance and the corresponding administrative behaviour and resulting public trust (or, indeed, distrust) between two ends of a spectrum. At one end we place high trust societies where governments operate on the normative foundation of ethical universalism, under which everyone is treated equally on the basis of public integrity and impersonal administrative behaviour. At the other end of the spectrum are low trust societies with systems based on particularism, where the treatment of citizens depends on some particular relationship based on favouritism. We discuss how administrative conduct and the distribution norm can be measured and monitored in order to assess any government by reference to something more accurate than mere perceptions of governance or of trust, but rather on objectively measured patterns of administrative behaviour.

S2. Section two reviews the evidence for the erosion of trust and for the perception of corruption in national institutions and governments since 2008 at national, regional and local level for EU MS. We explain why the majority of Europeans believe there is so much corruption when they experience so little, and where the tendency to mistrust in other areas comes from. We found that in Europe sub-national governments are the most trusted and that the perception that corruption is widespread is explained not by direct experience of corrupt behaviour but by particularism (Evidence in **Figure 2** and **Table 5**). We found high figures for perceived favouritism in public services and politics-business relations, while of concern too is the collapse of trust in certain of the Southern European countries which have been harder hit by the crisis.

S3. Section three revises similar evidence relating to EU institutions and considers the loss of trust in the EU, which is in fact greater than the average for EU MS and is more closely bound up with economic performance, for which we have used growth as the proxy. However, we found that loss of trust in the EU is explained by governance too, in particular by the subjective assessment of how governments deal with corruption (evidence in **Figure 11**).

S4. Section four moves on to more objective indicators of governance as we try to explain perceptions of particularism by relating problematic outcomes in procurement to corruption ratings – and find them correlated. We compared the practices related to procurement across 28 EU MS and EU institutions and found the performance of EU institutions lying somewhere about the average and certainly not among the best performers (**Figure 13**).

S5. In section five all the strands are brought together to present a theoretical path model to explain how poor quality of government and perception of the low integrity of political elites can create a vicious circle of mistrust which subverts sustainable development (**Figure 17**). A few examples from the most recent and highly publicized grand corruption scandals are used for illustration. We have presented statistical evidence models in **Appendix 4**.

S6. Finally, in section six we discuss where current policies of addressing the integrity problem fail and we present the existing statistical evidence relating to the most common tools available to build and defend public integrity. We assess how tools presumed to work in controlling corruption, such as various types of party financing, transparency and anticorruption agencies depend for impact on certain empowering contexts, which are dependent on development. Without those contexts, the tools will simply not work. We also show statistical evidence for the impact of components of such evidence-based integrity frameworks, and we suggest an objective instrument for monitoring the control of corruption in EU

MS. That instrument is a public integrity index for EU MS, with clear subcomponents that are easy to monitor. The performance of individual MS during the period studied is shown (**Table 13** and **Appendix 5**).

The lessons learned from the review of evidence go beyond both survey figures and institutional fixtures, and can be summed up rather as revealing more general prerequisites of policies which would help to restore political trust in Europe. We offer five of them.

1. Evidence-based integrity policies are not only desirable, but within reach

The first lesson is that trust and public integrity are concrete social realities which are resilient and can be captured, understood and explained with a reasonable degree of precision. If the Eurobarometer surveys commissioned by the DG Home find a majority of Europeans believing that corruption is a major problem in their countries, while in standard Eurobarometer surveys corruption does not even appear on the list of the top ten problems, that is because neither the interest of policymakers in such matters nor the professionalism of surveys are sufficiently constant. When the Council of the European Union (2014) notes its concern that "although for a long time there has been a high political commitment to tackle corruption within the EU and a number of policies and measures have been gradually put in place, corrupt practices still pose a challenge throughout the EU" the conclusion is inescapable that in the absence of evidence-based policy commitment alone is insufficient. However, it is undeniable that in contrast to how things stood only a few years ago, the science of governance is no longer too under-developed to be able to provide evidence on which to base accurate examination of integrity and trust building policies. This report then offers a significant selection of objective and evidence-based tools for measuring integrity.

2. Diversity of contexts calls for multiplicity, not uniformity of solutions

The second lesson concerns the great variety of both the problems and solutions within the European Union. While public integrity and ethical universalism remain an ideal nowhere achieved in full, the distance from the reaching of such benchmarks varies enormously across the enlarged European Union, where the fact of "new" or "old" membership is no longer a reliable predictor of differences in the quality of governance. The political union currently accommodates member states with great differences in economic and institutional development. Some present problems nearly similar to those of developing countries, while others lead the world where governance is concerned. Progress should be conceived not as the achievement of some sort of uniformity in institutional design, which would of course be unable to solve problems in such different contexts, but rather as a gradual catching up in institutional performance or governance standards, which can be achieved only by tailor-made national strategies. The same applies to the European institutions, which should be seen as if it were the 29th element of the EU with its own specific governance problems and solutions.

3. Smart societies prevent corruption before it happens

European states with the best control of corruption are those countries which score highest for transparency. When surveillance instruments have multiplied exponentially in the age of sophisticated IT and big data, the best way to preserve trust and integrity is to remove opportunities for corruption and to enact policies designed to avoid any situations in which infringements might arise and require sanction. Once a country has widespread corruption even the most advanced repression in the world can no longer repair and completely restore good governance. New technology should be recruited to allow complete transparency in fiscal matters and the monitoring of governments by their own citizens. "Digital citizens" are a hitherto untapped force for good governance, able to protect common resources at low cost to the state and ideally placed to help enforce public integrity.

4. Target the real countries, not the legal countries

An old Latin saying warns us that the most corrupt republic is the one with the most laws. Within the EU, the "legal space" *par excellence*, there exists a temptation to overestimate the power of the law and of formal institutions in the face of informal practices. We find that countries which deal best with trust and integrity have less regulation, far less red tape and far more of the normative constraints personified by critical citizens and media. The monitoring of integrity, as well as responses to it, must target practices and norms rather than regulation alone. If corruption is a problem in a country, informality too is a problem, for the two go together. EU funds come with the most restrictive rules in the world, but still we find that in many member states and sometimes even in the European institutions such funds are distributed non-competitively. The monitoring and management of ethical universalism must pay attention to actual outcomes of enforced merit and the distri-

bution of public resources, rather than to the rules alone of individual integrity. Good governance policies must address and seek to influence the real rules of the game in social allocation contexts.

5. Politicians matter more than civil servants in redressing trust

Despite "austerity", public institutions in the EU struggle to deliver services equitably and efficiently, although at least their efforts are seen in a more kindly light than are the actions of politicians. The current crisis in trust was to a certain extent brought about by the contrast between the demands of austerity laid upon citizens and the self-serving behaviour and flouting of rules engaged in by politicians. But a residual symbolic area will remain, even after all administrative and digital policies are enacted. A time of austerity requires politicians of austerity. A change of image among EU politicians, to be more like those of countries where trust is high and who fly economy class and cycle to the office, would do much to restore trust. Hard times are easier to bear when governments make shift to share the burdens that weigh upon on the governed.

Section I. Trust and governance. From concepts to measurement

The European continent used to be seen as the global champion of good governance, the inventor of modern administrative culture, the leader in public integrity and, with its welfare states, as a model of fairness and equality. However, since the beginning of the financial crisis Europe has lost some of its citizens' confidence, as well as some of its reputation for fair and effective governance. According to the European Commission Anticorruption Report, in 2013 three quarters of Europeans thought that bribery and the use of connections is 'often' the easiest way of obtaining 'certain' public services in their country. If that is true, then Europe should no longer be ranked in the upper third for control of corruption globally, as shown in World Bank and Transparency International scores. Checking the match between perception and reality therefore becomes imperative.

It has become commonplace in the current debate about economic performance to blame the crisis on previous corruption on the part of banks, hedge fund managers, financial regulators or, as in the case of Greece, on the whole political establishment and population of a country. Alternatively, it is argued that the crisis has simply brought to the fore previously hidden problems of governance. Scores for control of corruption in Spain, Greece and Cyprus have deteriorated drastically, as indeed they have everywhere else if the figure reported above is to believed. Trust in government and political institutions is inherently subjective, and corruption is an informal and partly invisible phenomenon, so that making an objective assessment of how corruption and trust are linked and have evolved from before the advent of the crisis to the present is bound to present a challenge. Nevertheless, the current report is an attempt to provide an objective account of the deterioration in perception of governance, of public integrity and general trust, as they have occurred between 2008 and 2015 in European Union member states. It tests the basic explanations for it, and it is hoped that it offers an alternative and more objective approach to the monitoring of governance.

Governance then is defined in this report as the set of formal and informal rules of the game regulating the distribution of public resources in a given society (Mungiu-Pippidi 2014; 2015). The advantage of the 'governance' concept over 'quality of government' or other related concepts is that it simultaneously highlights state and society and the relationship between them (Stoker 1998). Our preferred definition of governance focuses on all aspects of the process which relate to what is traditionally seen as the main outcome of politics, namely distribution, or social allocation. By looking at all the rules of the game rather than considering only formal constitutional and legalistic aspects we have opened the door to a taxonomy of governance without the normative and relativistic problems of the concept of 'good governance'. Governance as we have defined it here is therefore positioned somewhere between an ideal type of universal distribution based on perfect fairness and equality, and particularism. The main rule of the game of governance by universal distribution is ethical universalism, whereby all individuals are treated equally regardless of which groups they belong to. Government is impartial and in the implementation of the law and its own policies treats citizens as individuals, 'not taking anything into consideration about the citizen/case that is not beforehand stipulated in the policy or the law' (Rothstein and Teorell 2008: 170). The state is completely independent of any particular relation or private interest and acts as an impersonal distribution machine which ensures open and equal access to everyone. The normative content of this structure is public integrity, and its civil servants implement such ethical universalism, meaning that we define as corrupt any discretionary use of their authority, in either their own interest or in the interest of anyone with some particular connection to the seat of power.

At the other end of the distributive spectrum, the rules no longer treat citizens equally as individuals, for what matters now is their status, either directly or through a certain group they belong to such as a class, caste, or family or ethnic group for example, and their particular connections to people in authority. Sources of status can vary across societies and over time, but it is undeniable that the primary one is relation to power (Weber 1922/1968: pp. 177-180). Access to public resources is limited for an individual who does not belong to a certain privileged group, and allocation of public resources cannot help but be particular. Particularism is then the rule of the game in such societies and the standards for how anyone should be treated depend on which 'estate' the person belongs to. That definition seems to describe a non–modern society, a society of castes or estates, but in many surveys such as the Global Corruption Barometer we discover that many present day societies describe themselves in such terms and many top economists side with respondents of such surveys (North, Wallis and Weingast 2009; Acemoglu

and Robinson 2012). Just as impartiality rules in conjunction with the norm of ethical universalism, the main administrative behaviour in relation to particularism is partiality – that is, favouritism when seen as positive and discrimination when seen as negative. Similarly, as the opposite of public integrity, the chief value under particularistic regimes is corruption, acquisition of private profit from abuse of authority or public trust (Heidenheimer 1989). Of course, between the two 'ideal' types described here governance comes in an infinite number of contexts, and according to various academic persuasions governance contexts can be described as political cultures, political mentalities or, perhaps more optimistically, as 'stages' of political development. The evidence of the last two decades of economic research points to strong linkages between such contexts, (which economists call 'institutions'), government effectiveness and economic performance (Acemoglu and Robinson 2012). Large-scale surveys confirm this abstract taxonomy, showing that the public wants the kind of governance where rulers respect a social contract based on reciprocal accountability and integrity, whereby the government does not collect taxes from the many to redistribute them as privileges to the few, where the state is independent and able to seek the best solutions to maximize social welfare through transparent processes of consultation (TI 2013). Any self-interested deviation from the entailed integrity, impartiality, and fairness of the process of governing is seen as corrupt, as is any *outcome* resulting in uneven or partial allocation of public resources which benefit the granter or his associates.

Particularism in a society operates mostly to the advantage of those with more power resources and to the disadvantage of the rest, but no simple elite-type theory can explain it. The weaker have their defences, for they can resort to patronage, cheating, bribery, tax evasion and a variety of other practices to reduce the inequality of their treatment once they perceive that the social contract imposed on them is unfair (Scott 1972). The public reciprocates government favouritism by manifestations of low political trust (low turnout, for instance, is closely associated with corruption), high tax evasion and a great deal of informality in general. If the government is seen to cheat on ethical universalism and to bend the contract to its own interest, the public will cheat too by refusing to respect the formal rules, and they will withhold their trust.

Trust is an *expectation resulting from individual experience* in a given social and governance context (adjusted from Fukuyama 2001). The literature describes two different but interconnected types of such expectation. **Social trust is an outcome shaped by previous experience with other individuals,** and **public (political) trust is an outcome of experience of treatment received from authorities**; so it is the main perception of governance. The former type of trust embodies the social representation of the social exchange mode in a society: all individuals – strangers as against kin – expect to be treated equally and fairly regardless of individual connections, which amounts to universalism, as against particularism. The public, or 'political' type of trust on the other hand, reflects what individuals experience in their relationships with authorities, but it is captured by the same dichotomy. Does everyone expect to be treated equally or fairly, or are people treated differently if they have some particular connection with authority, whether it be through religion, ethnicity, or wealth? Western societies were historically the first to demand equal treatment, even if it has taken a long and sustained evolution for both state and society to become more oriented towards equality. It seems rather unlikely that a society where great disparity of power and fortune exists can generate a state which treats everyone equally, but such evolution is closely bound up with economic development. The more resources a society has, and the more equally it shares them, the higher the level of cooperation, integrity and trust (Rothstein & Uslaner 2005). Such societies are indeed the result of long and special historical evolution, although over the past two decades the possibility that trust might be socially engineered has featured in the thoughts of the development community (Woolcock 1998).

Both types of trust, interpersonal (social) trust reflecting horizontal social exchanges among individuals, and political (public) trust reflecting the vertical ones between authority and citizens carry their own particular importance. Social trust is important for cooperation and social integration and therefore for positive social, economic, and political outcomes in society (Nannestad 2008). Political trust provides one of the firmest foundations of the legitimacy and sustainability of a democratic political system, because it determines any government's ability to govern efficiently and effectively without using coercion (OECD 2013).

In the interval studied here, the European Social Survey reports no change in interpersonal trust, with 42% on the average in both 2013 and 2008, although there was some small fluctuation in between those years; it was only political trust which changed (ESS 2008; ESS 2012). However, besides the effect on trust in national governments, confidence in the European Union also decreased significantly. The EU indeed might seem to be an endeavour that was

doomed from the start. The European Commission uses public opinion figures – from Eurobarometer or the European Social Survey which, even if carefully sampled to be representative for the mood of all Europeans, nevertheless remain subjective. To evaluate trust versus governance and show their linkage it would be necessary to find objective data too, rather than merely correlating subjective information with other subjective information. When the public mood is poor, as might be expected during an economic crisis, we are likely to find that people both doubt the integrity their governments, and distrust them. But these are what psychologists call attributions: mood (affect) comes first and cognitive justification follows. To perceptions of trust and governance, pollsters then add questions about direct experience or assessments of the quality of governance in relation to specific service providers. Such questions bring us a step nearer to bridging perception and reality, and objective data such as systematic audits or data mining based on published big data on procurement can bring to the fore more unbiased evidence.

The ideal measurement of particularism should be a systematic survey based on the whole universe of transactions, without sampling, for one public agency or sector. The selected agency or sector should measure the extent to which a particular transaction was impersonal and impartial, rather like a consumer feedback survey done after the electronic paying of personal tax, or an application for a licence which asks the subject to rate the transaction. The monitoring of outcomes in certain areas where they are reported, such as for example information about who is awarded a government contract and of what value, has precisely that potential. Such data allow the calculation of agency or sector capture by certain companies, capture risk, and even costs of malfeasance by comparison across agencies. The availability of ever more data on government transactions through online services and other forms of e-government will make such methods increasingly accessible and reduce the labour intensity of data collection. Such data is specific, objective, and concrete, which both allows the monitoring of change and offers increased sensitivity to an eventual policy intervention such as reform. In this report, we offer examples of what such data is able to return, and we show that the preparedness of EU MS to commit to the transparency and openness of publishing such data correlates with subjective indicators of corruption. **Table 1** shows how we have combined existing subjective indicators of perception and experience with the objective indicators we have selected in order to document our concepts. **Table 1** should be used as the main reference table for concepts and measurements given throughout this report, although for all data further details of scales and sources appear in the Appendix. The next sections will map and explain both trust and the loss of it, will relate it to governance context as well as the economic crisis, and will discuss a framework which can lead to a degree of improvement.

Table 1. Main theoretical concepts and their measurement

Concept	Definition	Proxies based on subjective data	Source of data	Wording and scale	Proxies based on objective data (Sources)
Particularism (versus ethical universalism)	A particular governance context whereby allocation of public resources is based on particular, rather than universal grounds	P1. Public services more accessible through use of bribe and connections P2. Norm of merit versus discretion based advancement in public or private sector	P1 EB79. 1 P2 QOG	P1 – "Please tell me whether you agree or disagree with each of the following: bribing and the use of connections is often the easiest way to obtain certain public services" (Scale: 1-4/totally agree-totally disagree) P2 – In business/the public sector most people can succeed if they are willing to work hard & Hard work is no guarantee of success in business/the public sector for most people. (Scale: 1-10/ Most people can succeed - hard work is no guarantee)	
Favouritism	Administrative behaviour associated with particularism whereby the treatment of some citizens or businesses is different and more favourable than of others. The antonyms are called in classic sociological literature impersonality, and in current one impartiality= they describe the administrative behaviour whereby individuals are treated similarly regarding of their particular background. Partiality leads to corruption because undue private profit is implicit on behalf of the receiver of the favour, but differs from its legal definitions where profit for the granter of favour is necessary	F1. Political connections needed to succeed in business F2. Favouritism and corruption hampers business competition F3. Special advantages in public services	F1 EB 79.1 F2 EB 79.1 F3 QOG	F1 – "Please tell me whether you agree or disagree with each of the following: the only way to succeed in business is to have political connections" (Scale: 1-4/totally agree-totally disagree) F2 – "Please tell me whether you agree or disagree with each of the following: favouritism and corruption hampers business competition" (Scale: 1-4/totally agree-totally disagree) F3 – % of people who believe that certain people are given advantages in these public services	Single bidding Procurement risk (TED; own calculation)
Corruption	Individual behaviour of infringing the norm of public integrity resulting in private undue profit for authority holders or associates	C1. Perception of Corruption in the country C2. Perception of Elected officials C3. Perception of Public servants C4. Perception of EU institutions C5. Perception of efficiency to control corruption Composite perception based indicators: Control of Corruption (World Governance Indicators, World Bank) ICRG Corruption (PRS Group) Corruption Perception Index (Transparency International)	C1 EB79.1 C2 EB79.1 C3 EB79.1 C4 EB79.1 C5 EB79.1	C1 – "How widespread do you think the problem of corruption is in your country?" Scale: 1(very widespread) – 5(there is none) C2 – "Do you think that the giving and taking of bribes and the abuse of power for personal gain are widespread among any of the following: Politicians" (Scale: 0-1) C3 – "Do you think that the giving and taking of bribes and the abuse of power for personal gain are widespread among any of the following: Officials awarding public tenders, Officials issuing permits, Officials issuing business permits, Inspectors" (Scale: 0-1) C4 – "Please tell me whether you agree or disagree with: There is corruption within the institutions of the EU" (Scale: 1-4/totally agree-totally disagree) C5 – "Please tell me whether you agree or disagree with the Governments' efforts to combat corruption are effective" (Scale: 1-4/totally agree-totally disagree)	

Continued on next page ➥

Concept	Definition	Proxies based on subjective data	Source of data	Wording and scale	Proxies based on objective data (Sources)
Public integrity	Administrative behaviour associated with ethical universalism whereby authority is exercised without discretion and partiality and without leading to private undue profit	PI1. Special Advantages in Public Education PI2. Special Advantages in the public health care system PI3. Special Advantages by police force	PI1 QOG PI2 QOG PI3 QOG	PI1 & PI2 – "Please respond to the following question: Certain people are given special advantages in the public education system / in the public health care system in my area" PI3 – "Please respond to the following question: The police force gives special advantages to certain people in my area" (Scale: 0-10/strongly disagree--strongly agree")	Index of Public Integrity (Administrative Simplicity & Trade Openness – Ease of Doing Business Index; Auditing Standards & Judicial Independence – Global Competitiveness Report, E-Gov. Services – UN E-Government survey, E-Gov. Users – Eurostat); own calculation
Experience of corruption	Self-reported behaviour of either witnessing or participating in an act of bribery, influence traffic or other forms of corruption	E1. Experiencing corruption	E1 EB79.1	E1 – "In the last 12 months, have you experienced any case of -corruption?" (Scale: 0-1)	
Corruption victimization	Self-reported solicitation of bribes from an authority holder	CV1. Solicited bribe	CV1 EB76.1 (2011)	CV1 – "Over the last 12 months, has anyone in your country asked you, or expected you, to pay a bribe for his or her services?" (Scale: 0-1)	
Interpersonal (social) trust	Trust among individuals; trust reflecting the horizontal social exchanges	I1. Trust in people	I1 EVS 6th Round	I1 – "Would you say that most people can be trusted, or that you can't be too careful in dealing with people" (Scale 0-10)	
Public (political) trust	Trust of individuals in public authorities; trust reflecting vertical social exchanges	PT1. Trust in Political Parties PT2. Trust in National Government PT3. Trust in National Parliament PT4. Trust in Regional or local public authorities PT5. Trust in European Union PT6. Trust in the European Commission PT7. Trust in the European Parliament	PT1 EB79.3 PT2 EB79.3 PT3 EB79.3 PT4 EB79.3 PT5 EB79.3 PT6 EB79.3 PT7 EB79.3	PT1-PT7 – Please tell me if you tend to trust it or tend not to trust: Political Parties, the National Government, the National Parliament, Regional or local public authorities, the European Union, the European Commission, the European Parliament" Scale: 1 (tend to trust) – 2 (tend not to trust)	

Note: QOG – Quality of Government Survey / EB- Eurobarometer

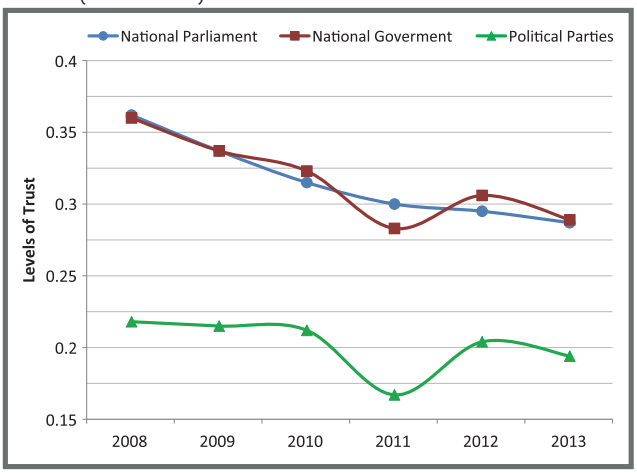
Section II. Perceptions of government and governance

How much do the citizens of the 28 EU member states trust their governing institutions, national, subnational and EU bodies? This report examines the results of various surveys between 2008 and 2013 carried out at national level. The results are shown for countries clustered into four European regions, namely *Central* and *Eastern Europe, Western Europe, Northern Europe* and *Southern Europe*. In fact, we took the classification from a previous report by the SCP on 'Countries Compared on Public Performance' and applied it here too.

Public trust in national governments

Europeans are affected by various tiers of government within the EU, but most of their political socialization is shaped by their own education systems, national media and the internet. Most of the process occurs in national languages, so as a natural result general social representations of national societies, national government and Europe itself are constructed for the most part within national cultures. The primary expression of ideas of political socialization is therefore public trust or trust in national institutions. **Figure 1** shows the average evolution of citizens' trust in national parliaments, governments and political parties in the EU28 between 2008 and 2013. The figure shows how trust in both national governments and national parliaments has decreased by similar margins during that period, with averages for trust in each close to 36% in 2008 and falling to 29% by 2013. Citizens' trust in political parties changed similarly although less so, but with a dramatic drop in 2011, a recovery in 2012 and another although smaller decline in 2013. By and large, fewer than a third of Europeans trust their government, while fewer than one in five trust political parties.

Figure 1. Trust in National Parliament, Government and Political Parties (2008-2013)



Source: Eurobarometer 70.1/2008 (QA12); 71.3/2009 (QA9); 73.4/2010 (QA14); 76.3/2011 (QA10); 77.3/2012 (QA13); 79.3/2013 (QA12): "Please tell me if you tend to trust it or tend not to trust: Political Parties, the National Government, the National Parliament"

The numbers presented above when averaged out certainly capture a general trend, but they do not reflect the great variation within Europe. **Table 2** therefore presents levels of trust in national institutions for each of the EU28 member states individually for the year 2013, as well as the changes such trust has undergone since 2008. Apart from the clear decline in trust across all groups of countries, what also stands out when analysing **Table 2** is that within individual countries levels of trust in parliament and government are often similar, with the differences between the two values remaining within a margin of 5% of each another in 20 of the 28 member states. The exceptions to that trend are Denmark, Finland, Ireland, Latvia, Lithuania, Luxembourg, Romania and Sweden, where the differences range from 6% in Latvia to 24% in Denmark. Given that the two values are close in over 70% of the EU, they can be used as an indication of the overall level of trust in national political institutions.

Trust in political parties, on the other hand, measures trust in the political class – a different concept. That is evidenced by the fact that political parties register levels of trust at least 5% lower than those recorded for national parliaments and national governments in more than half of the EU countries. Political parties also constitute the least trusted political institution in 23 of the 28, or 82%, EU member states. The highest values for this variable are found in the three countries Denmark, Finland and Sweden in Northern Europe, and in the four countries Austria, Belgium, Luxembourg and the Netherlands in Western European countries. However, even when looking at the best performers, trust in political parties never exceeds 50%. By contrast, in the Nordic countries trust in parliament and government reaches levels around 60% to 70%. The poor performance of political parties in terms of trust should come as no surprise, given that political parties have scored lowest for levels of trust and highest for levels of perceived corruption in a number of institutional rankings and surveys in both Europe and the rest of the world (see Global Corruption Barometer 2013).

When looking at the regions, certain significant differences emerge. Nordic countries are far above the EU28 average on all counts, while Central and

Table 2. Trust in national institutions (2008 & 2013)

	National Parliament 2013	Δ Trust Parliament since 2008	National Government 2013	Δ Trust Government since 2008	Political Parties 2013	Δ Trust Political Parties since 2008
Eu Average	**29%**	**-7%**	**29%**	**-8%**	**19%**	**-3%**
Central & Eastern Europe	**17%**	**-3%**	**22%**	**-4%**	**13%**	**1%**
Bulgaria	12%	4%	16%	0%	15%	8%
Croatia	16%	-4%	19%	0%	9%	-2%
Czech Republic	11%	-5%	13%	-7%	10%	-2%
Estonia	31%	-7%	36%	-14%	17%	-4%
Hungary	29%	13%	31%	13%	20%	12%
Latvia	15%	6%	21%	4%	9%	3%
Lithuania	13%	2%	27%	10%	14%	4%
Poland	13%	0%	14%	-5%	10%	3%
Romania	17%	-2%	28%	3%	14%	0%
Slovakia	29%	-12%	29%	-19%	19%	3%
Slovenia	6%	-29%	11%	-25%	5%	-13%
Northern Europe	**63%**	**-7%**	**48%**	**-13%**	**38%**	**-4%**
Denmark	59%	-17%	35%	-26%	36%	-19%
Finland	60%	-9%	51%	-16%	37%	2%
Sweden	69%	4%	58%	2%	40%	5%
Southern Europe	**19%**	**-19%**	**19%**	**-16%**	**14%**	**-8%**
Cyprus	10%	-23%	13%	-22%	12%	-15%
Greece	10%	-22%	10%	-14%	4%	-10%
Italy	12%	-15%	11%	-14%	7%	-9%
Malta	62%	6%	61%	11%	50%	17%
Portugal	12%	-26%	10%	-21%	9%	-8%
Spain	7%	-32%	8%	-37%	5%	-25%
Western Europe	**39%**	**-5%**	**37%**	**-5%**	**25%**	**-3%**
Austria	53%	-2%	50%	0%	37%	-1%
Belgium	48%	9%	45%	10%	34%	10%
France	24%	-11%	23%	-8%	11%	-2%
Germany	44%	7%	41%	2%	24%	4%
Ireland	19%	-16%	11%	-14%	13%	-10%
Luxembourg	50%	-7%	61%	-1%	35%	-5%
Netherlands	48%	-16%	43%	-25%	33%	-18%
United Kingdom	24%	-3%	23%	-5%	15%	0%

Source: Eurobarometer 70.1 (2008) & Eurobarometer 79.3 (2013), QA12: "Please tell me if you tend to trust or tend not to trust: Political Parties, the National Government, the National Parliament". Note: Malta smaller N than others. Numbers in bold are regional averages

Eastern Europe together with the Southern European countries fall below the average. Despite those general trends, certain countries in the regions mentioned show interesting results. Lithuania, for example, exhibits wide variations in levels of trust across institutions with 27% expressing confidence in the national government, but only 13% expressing trust in the national parliament. Another 'anomaly' in the sample is Malta, which displays extraordinarily high levels of confidence that exceed the values of even the Nordic countries. France, on the other hand, shows rather low levels of trust that place that country closer to the Central and Eastern European average than to the values of its Western European peers. **Table 2** shows too that trust in national parliaments and governments has decreased in all regions of Europe.

Overall since 2008, only a handful of countries have seen positive development in their levels of trust in parliament and government, and those are Belgium, Bulgaria, Germany, Hungary, Latvia, Lithuania, Malta and Sweden. For the case of Romania, results are mixed, for although trust in its national government increased by 3% there, trust in the national

parliament fell by 2%. The country with the largest positive change with respect to its national parliament is Hungary with an increase in trust of 13% (and that at a time when the country's government actually faced external criticism), followed by Belgium with 9% and Germany with 7%. Citizens of Latvia and Malta trust their parliaments and governments 6% more than they did in 2008, Bulgaria and Sweden trust them 4% more and Lithuania too showed trust increased by 2 percentage points. All the same, we see a large decline in trust in both the national parliament and government in the Netherlands (-16% and -25%), Ireland (-16% and -14%), Slovakia (-12% and -19%), Denmark (-17% and -26%), Finland (-9% and -16%) and Slovenia (-29% and -25%).

Trust in political parties, however, has undergone a different evolution. Half the EU countries either increased or maintained the same levels of trust as were observed in 2008, although of course the smaller reduction in the average figure for trust might have been because levels of trust were already low in the first place. Similarly to the evidence from other indicators, the Mediterranean countries experienced the largest reduction in trust in their political parties, with Spain reporting a drop in confidence of 25% while reductions in other Mediterranean countries (except for Malta) lie between 8% and 15%. When looking at Central and Eastern European countries, we see that only Slovenia's confidence fell by more than 10%. Three other countries with large reductions were Denmark (-19%), Ireland (-10%), and the Netherlands (-18%). The three countries with the largest increases in trust were Belgium (10%), Hungary (12%) and Malta (17%).

In conclusion, we find that:

- **The Nordic countries, Malta and the countries in Western Europe had on average the highest levels of trust in their national institutions in 2013.**
- **Across the 28 member states we see on average a decrease in trust in all national institutions (-7% for the National Parliament, -8% for the National Government and -3% for Political Parties).**
- **Except for confidence in political parties in Central and Eastern Europe, all country groups reduced their trust in the three national institutions between 2008 and 2013.**

Trust in sub-national governments

Citizens often have more direct contact with regional and local government, because it is they who actually deliver most public services. At the same time, the perception of fair access and effective distribution of public services can be an important foundation for citizens' trust in their country's national political institutions. Comparing the data from **Table 2** and **Table 3** reveals that regional and local governments are indeed the most trusted tier of government in the EU. With a regional average of 45% of Europeans trusting regional and local governments, that figure is 15 percentage points higher than those attained by any of the national institutions. Furthermore, only Cyprus and Greece show levels of trust

Table 3. Trust in local & regional governments (2013)

	Regional Governments in 2013	Δ Trust in Local and Regional Governments since 2008
EU Average	**45%**	**-4%**
Central & Eastern Europe	**38%**	**-3%**
Bulgaria	30%	-1%
Croatia	20%	-3%
Czech Republic	43%	-6%
Estonia	55%	-5%
Hungary	52%	6%
Latvia	42%	-3%
Lithuania	33%	2%
Poland	38%	-3%
Romania	37%	-1%
Slovakia	44%	-1%
Slovenia	24%	-15%
Northern Europe	**66%**	**-5%**
Denmark	73%	2%
Finland	65%	-7%
Sweden	60%	-10%
Southern Europe	**28%**	**-12%**
Cyprus	29%	-1%
Greece	21%	-13%
Italy	15%	-10%
Malta	54%	-3%
Portugal	32%	-11%
Spain	18%	-32%
Western Europe	**56%**	**-1%**
Austria	66%	-2%
Belgium	59%	-4%
France	61%	-1%
Germany	61%	-1%
Ireland	32%	-8%
Luxembourg	69%	10%
Netherlands	56%	-8%
United Kingdom	47%	5%

Source: Eurobarometer 79.3, QA12: "Please tell me if you tend to trust it or tend not to trust Regional or local public authorities".
Note: Malta smaller number of survey respondents than others. Numbers in bold are regional averages

below 30% and only Spain and Italy go below the 20% threshold. These results appear especially positive when compared with levels of trust in political parties, for which only Austria, Belgium, Luxembourg, Malta, the Netherlands, and the Nordic countries obtain scores exceeding 30%. In sum, levels of trust in subnational governments and in political parties present opposite pictures, for political parties appear to be perceived as corrupt organizations and currently enjoy little trust, while local government seems to be seen as more transparent, probably because local government deals with administrative matters. However, it should also be noted that the size and the mandate of local governments can vary substantially between European countries (see the OECD series *Value for Money in Government*).

Table 3 additionally shows large discrepancies between the four different European regions, with trust declining from averages of 66% and 56% in Northern and Western Europe respectively, to 38% in Central and Eastern Europe and 28% in Southern Europe. This shows that despite the fact that overall levels of trust are higher on average for local and regional governments than for the national government and parliament, confidence in them still remains rather low in certain countries and regions. In general, however, between 2008 and 2013 at least support for subnational institutions has remained relatively steady and at a high level. Although at first sight many countries reveal a decline in trust in this category, 13 of them experienced a change of less than 5% (see **Table 3**). Trust in local government in Northern and Western Europe remains higher than support there for any other organizations, although significant differences exist across those individual countries, for while levels of trust increased by 10% in Luxembourg and 5% in the United Kingdom, they decreased by 4% in Belgium, 8% in the Netherlands and 10% in Sweden.

The lowest levels of trust in sub-national authorities can be found in the countries of Southern Europe – Italy, Portugal, Greece and Spain, all of which suffered the same dramatic contraction as in their levels of trust in national institutions. Average confidence in local-level authorities for Southern Europe fell by more than 10% between 2008 and 2013 to reach a level of just 28% (see **Table 3**). In Central and Eastern Europe, Slovenia too experienced a large decline in trust from 40% in 2008 to 24% in 2013. Since 2008 only Hungary and Lithuania have seen increases in trust in both their subnational and national governments.

In conclusion, we find that:

- **Subnational governments present the greatest and most stable trust in all tiers of government across the EU and in each country group, with an EU28 average of 45% for the year 2013.**

Favouritism in public service delivery across the EU

Having assessed the levels of trust in government at national and sub-national levels, the next step should be to assess the levels of trust in the provision of different government services and the delivery of certain public goods. However, neither the Eurobarometer, nor other surveys such as the World Values Survey, the European Social Survey or the International Social Survey ask questions that would allow an assessment of trust in the public sector or in public service delivery, their evolution in recent years and variation over time across the EU28. Despite that, the Quality of Government Surveys (QOG), conducted in 2010 and 2013 in a total of 22 EU countries allow us to evaluate at least some aspects of the perception of governance in the public sector, such as the fairness of service delivery and equality of access. (NB: the Baltics, Malta, Cyprus, and Luxembourg were excluded from the survey due to their small populations). **Table 4** presents the percentage of citizens by country who agree with the statement that 'certain people are given special advantages' by the police forces or in the public education and healthcare systems. The answers therefore allow us to assess favouritism perceived in public services by citizens, as they suggest that some groups or individuals receive more favourable treatment. The data also reveals regional cleavages of perceived performance of public services. Most of the gaps, however, can be accounted for by differences in development across the regions.

In conclusion, we find that:

- Between 30% and 40% of Europeans complain about favouritism (special advantages) in service provision. The perception that special advantages are often given to certain individuals or groups is particularly widespread in assessments of public healthcare systems. The sizeable percentages even in Northern and Western Europe of 28% and 36% respectively perhaps show the difficulty of public healthcare provision in times of budgetary austerity. As to Southern and Central and Eastern Europe, figures there suggest the presence of policy failure, with 42% and 49% of respondents complaining of favouritism. With a European average of 41% for healthcare systems this already stands as a warning that quality of governance might subvert trust.

Table 4. Special advantages in the provision of different public service (2013)

	Education	Health	Police
EU Average	**32%**	**41%**	**30%**
Central & Eastern Europe	**37%**	**49%**	**39%**
Bulgaria	31%	46%	42%
Croatia	52%	63%	54%
Czech Republic	31%	43%	32%
Estonia	–	–	–
Hungary	33%	45%	31%
Latvia	–	–	–
Lithuania	–	–	–
Poland	29%	43%	25%
Romania	40%	48%	41%
Slovakia	42%	58%	50%
Slovenia	–	–	–
Northern Europe	**22%**	**28%**	**14%**
Denmark	24%	31%	14%
Finland	23%	29%	14%
Sweden	18%	23%	14%
Southern Europe	**35%**	**42%**	**36%**
Cyprus	–	–	–
Greece	36%	38%	41%
Italy	33%	47%	30%
Malta	–	–	–
Portugal	37%	46%	35%
Spain	34%	38%	36%
Western Europe	**31%**	**36%**	**24%**
Austria	30%	37%	18%
Belgium	41%	49%	37%
France	40%	48%	34%
Germany	23%	34%	14%
Ireland	25%	28%	22%
Luxembourg	–	–	–
Netherlands	26%	27%	19%
United Kingdom	29%	32%	24%

Source: Charron 2013, QOG Survey, own calculations. Percent of respondents who believe that certain people are given special advantages in these public services. Note: Small population countries were not included in the study. Numbers in bold are regional averages.

Particularism and corruption in EU member states

If public trust figures have long been monitored by governments and pollsters alike, the monitoring of governance and corruption trends is a more recent activity and of less regular character, and that is why for the time interval studied here there is no public opinion survey on corruption in the EU28 to match the trust data. There are, however, two measurements that are widely used in the anti-corruption literature, those being the World Bank's Control of Corruption (CoC) and Transparency International's Corruption Perception Index (CPI). Those two measurements are statistical aggregates of different expert assessments and are available for all EU28 countries since the mid 1990s. The measurements have important limitations and must therefore be used with caution, but given that they are based on a large number of sources including business and expert surveys, they capture corruption in a broader sense and a general governance context, namely particularism.

The study of the resulting scores, although controversial due to the nature of their aggregation, affords certain interesting observations. First, perceptions of national corruption/particularism tend to be very stable across time because achieving change, which must be agreed on across different sources, is difficult. That is why the CoC indicator, which unlike the CPI can be compared across years, is very resistant to change with countries such as Italy, Spain and Greece, for instance, showing no statistically significant change between 1996 and 2013. Moreover, following the EU financial crisis those countries all registered a worsening of their scores, but that might have been a result of the crisis inducing experts to reassess the governance context of their countries, based on a discourse that the crisis contributed to the worsening of the economic situation. Among the newer EU members, only Croatia, Estonia and Latvia show some significant progress.

Second, the EU28 encompasses diverse governance regimes. While Sweden, Denmark, Finland and most of Western Europe rank among the best performers – on the continent and worldwide – and so embody the idea of good governance, the Southern and Central and Eastern European countries lag behind with Romania and Bulgaria at the bottom closely followed by Greece and Italy. Despite being severely hit by the EU's financial crisis, Spain and Portugal still make it into the upper tercile of CoC in the global rankings and so have managed to place themselves close to the threshold of ethical universalism. The big performer in the EU28, however, is Estonia, which over the last twenty years has surpassed some of the Southern European countries and succeeded in joining the ranks of the Western Europeans, figuratively speaking. The evidence here shows that there are three national governance regimes within the EU, namely ethical universalism, particularism and a borderline type in which the first two regimes coexist and sometimes compete to become the dominant norm (Mungiu-Pippidi 2015).

One of the criticisms often levelled at aggregated corruption indicators is their lack of sensitivity to change, well illustrated by the fact that the changes mentioned in the previous paragraph happened between 1996 and 2008, so a longer time interval than

the one studied in this report. Moreover, the indicator does not reflect the effects of an event like the EU financial crisis, because in almost no country did the crisis cause a statistically significant change in CoC score. The small negative changes registered in Spain, Portugal or Greece, are all within the margin for error, meaning that the sources used to put together the CoC score did not all give the same picture of the state of corruption in those countries. As a result, the CoC indicator tends to paint a more optimistic picture of the state of corruption and particularism in the post-crisis EU than does the data obtained from public opinion surveys. The Special Eurobarometer 397 from 2013, dedicated specifically to corruption, reveals that approximately 7 out of 10 Europeans agree that corruption is part of the business culture in their country (66% of respondents) and that favouritism and corruption hamper business competition (stated by 68% of respondents). About 1 in every 2 Europeans also believes that political connections are the only way to succeed in business (58%), which suggests that favouritism in business is still alive and well in the EU.

The evidence that particularism is perceived as a problem in Europe is reinforced by the results of another question in the survey. 73% of respondents to a question directly inquiring about particularistic practices agreed that connections and bribery are often the easiest way to obtain public services, a belief most widespread in Greece (93%), Cyprus (92%), Slovakia and Croatia (89% each). Despite some imprecision in the phrasing of the survey questions, it becomes clear that when answering such questions respondents have in mind not a narrow or legalistic definition of corruption but the broad governance context in their countries, and these indicators of particularism correlate closely with the questions about corruption (see **Table 5**).

It is also important to address the question of the so-called gap between the experience and the perception of corruption. Citizens' assessments of corruption, such as the ones cited above, are often

Table 5. Correlations between trust and integrity (2012)

		Political connections are the only way to succeed in business (QB15.13)	Bribery and connections are often the easiest way to obtain certain public services (QB15.11)	Control of Corruption (original scale)	Percentage of Distrust in National Government	Percentage of Distrust in National Parliament	Percentage of Distrust in the EU	% that believes that connections are the best way of getting ahead
Political connections are the only way to succeed in business (QB15.13)	Pearson Corr.	1						
	Sig. (2-tailed)							
	N	28						
Bribery and connections are often the easiest way to obtain certain public services (QB15.11)	Pearson Corr.	**.917****	1					
	Sig. (2-tailed)	0						
	N	28	28					
Control of Corruption (original scale)	Pearson Corr.	**-.802****	**-.835****	1				
	Sig. (2-tailed)	0	0					
	N	28	28	28				
Percentage of Distrust in National Government	Pearson Corr.	**.653****	**.735****	**-.637****	1			
	Sig. (2-tailed)	0	0	0				
	N	28	28	28	28			
Percentage of Distrust in National Parliament	Pearson Corr.	**.806****	**.874****	**-.745****	**.938****	1		
	Sig. (2-tailed)	0	0	0	0			
	N	28	28	28	28	28		
Percentage of Distrust in the EU	Pearson Corr.	0.05	0.173	0.064	**.438***	0.333	1	
	Sig. (2-tailed)	0.799	0.379	0.747	0.02	0.084		
	N	28	28	28	28	28	28	
% that believes that connections are the best way of getting ahead	Pearson Corr.	**.996****	**.918****	**-.797****	**.639****	**.793****	0.044	1
	Sig. (2-tailed)	0	0	0	0	0	0.824	
	N	28	28	28	28	28	28	28

** Correlation is significant at the 0.05 level (2-tailed); ** Correlation is significant at the 0.01 level (2-tailed).*
Source: Corruption: Eurobarometer 79.1 (QB15): Please tell me whether you agree or disagree with each of the following: The only way to succeed in business is to have political connections; Bribery and connections are often the easiest way to obtain certain public services. / Control of Corruption: WGI / Distrust: Eurobarometer 79.3 (QA12): For each of the following institutions, please tell me if you tend to trust it or tend not to trust it: National Government; the National Parliament, the European Union.

disregarded by policymakers because they fail to correlate with the citizens' experience of corruption, meaning bribery, and the Special Eurobarometer used for this study is no exception. Of the 28,000 respondents to the survey, 20,000 (75%) deemed corruption as very or fairly widespread in their countries, but of those 20,000, 94% reported that they had not themselves resorted to bribery over the previous 12 months. Therefore only 6% of the entire sample reported having had some experience with corruption (see **Figure 2** and **Table 7**). Bribery appears to be a practice mostly of the post-communist countries, and is exceptionally rare in the rest of Europe. This might be explained by the legacies of excessive state power in Eastern Europe combined with low pay for politicians and bureaucrats alike, the poor quality of regulatory practice there and lack of investment in merit-based systems and bureaucracy (see Mungiu-Pippidi 2005).

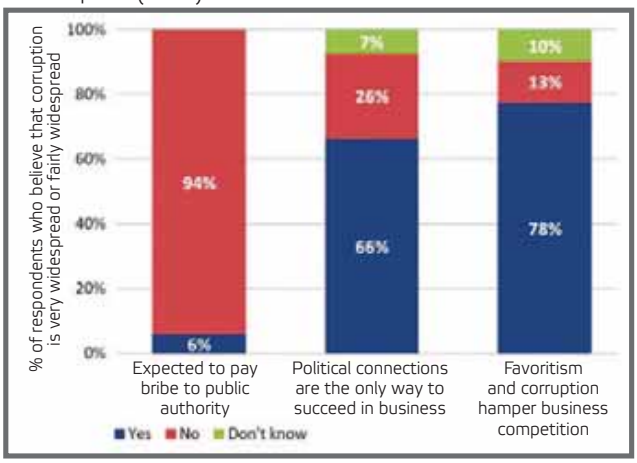
What then explains this gap, between lack of experience of corruption among citizens but readiness to perceive it? Much of the gap is in fact filled by the perception of frequent particularistic practices (Mungiu-Pippidi 2014) for even in member states where integrity seems greatest, significant numbers of people, if not clear majorities, have come to believe that success in the public sector is determined by connections rather than by hard work (see **Table 6**). The situation is somewhat better in the private sector, but still far too many Europeans have formed the opinion that their country is one where merit, in the form of hard work, does not result in advancement in life.

Finally, by way of evidence that people report on what they perceive to be the rules of the game – in other words their beliefs about governance contexts – and not their particular experience, we see that respondents who claim that there is widespread corruption in their country also perceive widespread particularism and favouritism of various sorts. **Figure 2** shows that the belief that political connections are the only way to succeed in business, and that favouritism exists and hampers competition in business, tops actual experience of bribery, which explains the striking figures for corruption perception.

On average, politicians are perceived to be far more corrupt than civil servants, reflected in the worse ratings given to them in comparison with civil servants (52 to 35) – good evidence that overall there is a perception not so much of petty corruption but of unfairness and self-interested behaviour by rulers. Widespread perception of corruption is present not only in countries with elevated victimization and rates of bribery, for citizens rate their politicians and civil servants as corrupt in many other European countries even when victimization and voluntary bribery are relatively low (see **Table 7**). Civil servants in new member countries are seen in less positive light, where they are poorly paid and have inherited administrative systems from communist times.

In recent years people everywhere in the EU have begun to perceive politicians poorly, apart from in a handful of Scandinavian countries, and the situation is quite dramatic when regions and trends are considered. In all geographical clusters of countries we now find more than 50% who perceive politicians

Figure 2. Experience of corruption and perception of particularism and favouritism among respondents with high perceptions of corruption (2013)



Source: Eurobarometer 79.1 (QB5): "How widespread do you think the problem of corruption is in our country?"; (QB7 / QB15):"Please tell me whether you agree or disagree with each of the following: the only way to succeed in business is to have political connections & favouritism and corruption hamper business competition"; (QB9b): "In the past 12 months has anyone asked you or expected you to pay a bribe for his or her services?"

Table 6. Belief in meritocracy as advancement path in public and private sector by education level and region (2013)

	Public Sector			Private Sector		
Region	**Luck and connections**	**Neutral**	**Hard work (merit)**	**Luck and connections**	**Neutral**	**Hard work (merit)**
Western Europe	42%	28%	29%	35%	25%	40%
Central and Eastern Europe	57%	20%	22%	47%	21%	1%
Southern Europe	**56%**	22%	21%	46%	23%	30%
Northern Europe	38%	33%	26%	38%	29%	32%

Source: Charron 2013, QOG survey, own calculations, Q21: In business/the public sector most people can succeed if they are willing to work hard & Hard work is no guarantee of success in business/the public sector for most people.
Note: Smaller population countries were not included in the study, i.e. Estonia, Latvia, Lithuania, Luxembourg, Malta, and Slovenia.

Table 7. Perception of particularism and corruption across the EU (2013)

	Corruption affects daily life (QB15.5)	Corruption is widespread in the country (QB5)	Political connections are the only way to succeed in business (QB15.13)	Favoritism and corruption hamper business competition (QB15.14)	Policians are corrupt (QB7.6)	Civil servants are corrupt (QB7)
EU Average	**25%**	**75%**	**53%**	**62%**	**52%**	**35%**
Central & Eastern	**31%**	**88%**	**66%**	**73%**	**51%**	**37%**
Bulgaria	19%	83%	70%	70%	43%	39%
Croatia	52%	94%	76%	79%	66%	53%
Czech Republic	27%	95%	62%	78%	69%	42%
Estonia	19%	64%	57%	64%	50%	36%
Hungary	19%	89%	71%	74%	49%	32%
Latvia	20%	84%	53%	67%	41%	38%
Lithuania	29%	96%	71%	71%	40%	33%
Poland	25%	90%	58%	76%	41%	27%
Romania	56%	91%	69%	68%	52%	35%
Slovakia	37%	92%	68%	76%	49%	30%
Slovenia	37%	95%	69%	81%	68%	47%
Northern	**8%**	**38%**	**22%**	**40%**	**43%**	**23%**
Denmark	3%	21%	15%	18%	35%	15%
Finland	9%	32%	28%	48%	50%	20%
Sweden	11%	62%	23%	55%	44%	33%
Southern	**40%**	**82%**	**54%**	**63%**	**56%**	**40%**
Cyprus	27%	78%	40%	38%	38%	38%
Greece	61%	99%	71%	77%	67%	49%
Italy	41%	96%	73%	85%	63%	45%
Malta	14%	81%	19%	28%	39%	35%
Portugal	34%	93%	58%	71%	59%	36%
Spain	60%	46%	64%	79%	72%	40%
Western	**12%**	**66%**	**46%**	**56%**	**54%**	**32%**
Austria	14%	65%	53%	68%	59%	34%
Belgium	12%	68%	62%	62%	53%	34%
France	7%	68%	62%	75%	57%	31%
Germany	6%	61%	41%	51%	51%	29%
Ireland	26%	81%	57%	68%	58%	25%
Luxembourg	3%	41%	26%	27%	45%	25%
Netherlands	9%	81%	22%	33%	55%	50%
United Kingdom	17%	66%	42%	63%	56%	26%

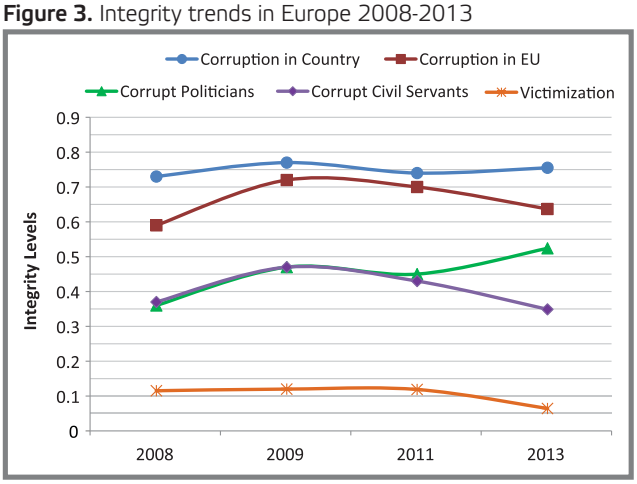
Source: Eurobarometer 79.1 (QB15): Please tell me whether you agree or disagree with each of the following: You are personally affected by corruption in your daily life; the only way to succeed in business is to have political connections; favouritism and corruption hamper business competition. / (QB5): How widespread do you think the problem of corruption is in our country? / (QB7): In your country, do you think that the giving and taking of bribes and the abuse of power for personal gain are widespread among: Politicians; Officials issuing permits, Officials awarding public tenders etc? Note: Share of respondents who "totally agree" or "tend to agree" with the statement / Numbers in bold are regional averages.

to be corrupt, with an European average above 50% which has increased dramatically between 2011 and 2013. However, in the meantime the perception of the integrity of civil servants has actually been improving (See **Figure 3**). There is a large gap here. Clearly there is a major difference in the figure for the bottom trend line, victimization, (i.e. a report of having been asked for a bribe) and the perception of corruption among politicians and civil servants, which is 3-5 times higher even when the difference between those two figures is least.

Trust in government to fight corruption

Surveys abound in hypothetical questions which are notoriously unreliable (e.g., 'To whom would you complain if...?'), but even so a clear pattern appears. In countries where particularism is the norm respondents turn more to the media or even civil society, while

Figure 3. Integrity trends in Europe 2008-2013



Source: Eurobarometer 68.2/2008 (QB1, QB2, QB3); 72.2/2009 (QB1, QB2, QB3); 76.1/2011 (QC1, QC4; QC15); 79.1/2013 (QB5, QB7, QB12, QB15) Questions: ***Corruption in Country****: 2008-2011 – Please tell me whether you agree or disagree with: There is corruption is a major problem in your country; 2013: How widespread do you think the problem of corruption is in your country?* ***Corruption in the EU****: Please tell me whether you agree or disagree with: There is corruption within the institutions of the EU;* ***Corrupt Civil Servants or Politicians****: do you think that the giving and taking of bribes and the abuse of power for personal gain are widespread among any of the following: Politicians; Officials issuing permits etc?;* ***Victimization****: Over the last 12 months, has anyone in your country asked you, or expected you, to pay a bribe for his or her services?*

in countries where ethical universalism is the norm (such as Denmark) people go to the police to report corruption, for the police are not seen as corrupt. That leads to the rather obvious conclusion, although it is seldom acted upon, that different policies might be needed to tackle corruption in a particularistic environment where the police or even the judiciary are perceived as working to the rules of a corrupt game, than in a country where integrity is perceived to be the dominant norm and citizens trust institutions to solve problems. However, while in Romania and Croatia for example, people will more readily resort to the media rather than to the law to solve their problems, in Bulgaria, even with its record low trust in the judiciary to solve corruption issues (7%), more people would prefer to apply to the Ombudsman. In Latvia, trust is low across the board (see **Appendix 3**).

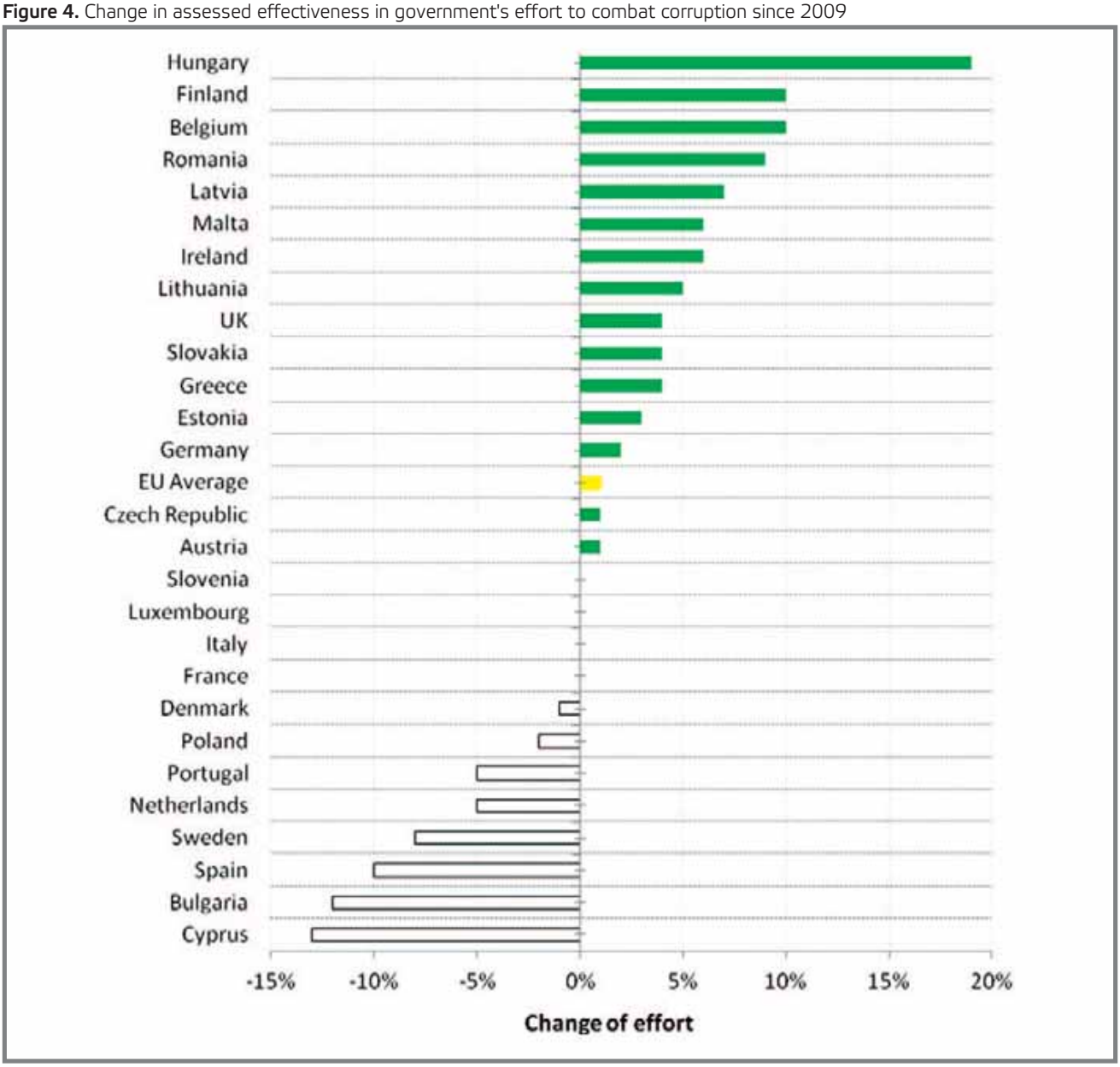
As soon as people believe they live in a governance context where particularism rules they no longer trust the government to be able to deal with problems. Particularism is perceived as a regime, and pessimism about the independence of rulers is revealed in every figure for trust in countries perceived as very corrupt. The assessment of how effective the government is in dealing with corruption also indicates the people's trust in the government's will and capacity to control corruption. **Table 8** shows that Europeans no longer believe their governments are up to the task- Denmark alone has a majority of citizens who trust their government's efforts – for both 2009 and 2013. From 2009 to 2013 the percentage of people who trusted their government remained relatively stable around 3% at EU level, however the countries of Southern Europe experienced a drop in support, with Cyprus, Greece and Spain reaching levels below 15% (see **Table 8**). Generally, we can see that Nordic countries and countries in Western Europe are on average higher more confident in their government than are the other EU countries. However, that trend is not entirely consistent, since the people of Germany for example trust their government less than do the citizens of Poland or Estonia.

Table 8. Assessed effectiveness in the government's effort to combat corruption (2009 and 2013)

	2009	2013
EU Average	**28%**	**29%**
Central Eastern Europe	**17%**	**21%**
Bulgaria	28%	16%
Croatia	–	28%
Czech Republic	11%	12%
Estonia	27%	30%
Hungary	12%	31%
Latvia	7%	14%
Lithuania	12%	17%
Poland	30%	28%
Romania	18%	27%
Slovakia	17%	21%
Slovenia	10%	10%
Northern	**45%**	**45%**
Denmark	55%	54%
Finland	37%	47%
Sweden	42%	34%
Southern	**21%**	**18%**
Cyprus	25%	12%
Greece	11%	14%
Italy	22%	22%
Malta	28%	34%
Portugal	20%	15%
Spain	21%	11%
Western	**28%**	**30%**
Austria	37%	38%
Belgium	30%	40%
France	19%	19%
Germany	22%	24%
Ireland	18%	24%
Luxembourg	38%	38%
Netherlands	36%	31%
United Kingdom	25%	29%

Source: Eurobarometer 72.2/2009 (QB5), Eurobarometer 79.1/2013 (QB15): Please tell me whether you agree or disagree with the Governments' efforts to combat corruption are effective. Note: Numbers in bold are regional averages.

Figure 4. Change in assessed effectiveness in government's effort to combat corruption since 2009



Source: Eurobarometer 72.2/2009 (QB5), Eurobarometer 79.1/2013 (QB15): Please tell me whether you agree or disagree with the Governments' efforts to combat corruption are effective.

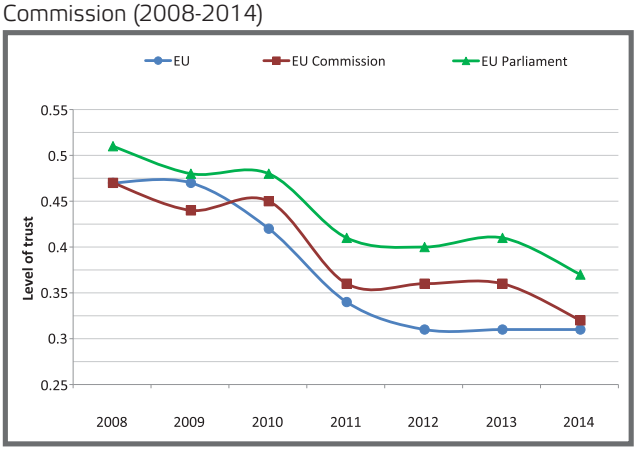
Figure 4 shows in more detail how people perceived their governments' efforts to combat corruption. In 15 countries people believed that their government was making greater efforts in 2013 than in 2009, while in four countries they saw no difference from how things stood in 2009. In eight countries, government effort was rated lower than it was in 2009. Hungary saw the sharpest increase with 19% followed by Belgium and Finland with 10%, while at the other end of the scale we find Cyprus (-13%), Bulgaria (-12%), and Spain (-10%). In view of the inconsistency seen within geographical clusters we may reasonably suppose that perceptions are driven more by specific domestic details than by common or international ones such as, for instance, the crisis of the Euro

Section III. Trust and the perception of governance in EU institutions

'The unpopularity of the European institutions has reached record highs' says a title from a 2014 Eurobarometer (EB81) – but that has been going on since the Standard Eurobarometer survey of autumn 2010 (EB74). After that, with the sole exception of the autumn 2012 (EB78) survey when a temporary rebound became noticeable, all the Standard Eurobarometer surveys have reported a decline in trust in the European institutions. Levels of dislike of the European Parliament, the European Commission and the European Central Bank have reached the highest ever measured in those surveys, and in 2014 EB 81 reported that for the first time fewer than one in three Europeans trusts the European Commission and the European Central Bank.[1] **Figure 5** shows how trust in all of the European Commission, the European Parliament and the EU itself declined on average, remaining presently low in comparison with 2008, when it was about 50%.

Of course, association with the crisis has a stronger effect on confidence in EU institutions than in national and regional ones. The EU is an optional project, so that a financial crisis affecting the euro is bound to be a direct test of it. But respondents are also less directly acquainted with the EU than with their own regional or national governments. Hitherto, apart from elections to the European parliament many people had never encountered the EU, but awareness of EU institutions has grown over the years and has reached unprecedented heights with the euro crisis. Presently, over half of Europeans (51%) believe they understand how the European Union works, while 46% deny even that knowledge, subjective as it is. True knowledge as tested by the Eurobarometer is basic – two thirds of people know that MEPs are directly elected, how many countries are EU members and whether Switzerland is in the EU (EB79) – but deeper knowledge of the role and powers of EU institutions is rare. Such sketchy general understanding is bound to leave confidence in the EU far more dependent on extrinsic than on intrinsic factors, that it to say on context, rather than on actual governance.

Figure 5. Trust in the EU, European Parliament, and European Commission (2008-2014)



Source: Eurobarometer 70.1/2008 (QA12 & QA18); 71.3/2009 (QA9 & QA14); 73.4/2010 (QA14 & QA18); 76.3/2011 (QA10 & QA14); 77.3/2012 (QA13 & QA17); 79.3/2013 (QA12 & QA18): "Please tell me if you tend to trust it or tend not to trust: the European Union, the European Commission, the European Parliament".

Table 9 presents the levels of trust recorded in the 28 member states in both the EU and the European Parliament in 2013. The table shows the changes across member states since 2008, revealing a wide variation of trust in those two institutions. Survey data shows an important decline in trust in the EU in the Southern European countries and a far smaller decrease in the United Kingdom and most Central and Eastern European countries. For instance, 37% of Spanish people lost faith in the EU after 2008 as against only 5% of the British – although in Spain the level of trust had initially been higher. The decline is visible too in countries which weathered the crisis better, such as the Netherlands (-27%) or Germany (-12%). The only country with an increase in trust in the EU is Croatia which can be explained by its accession in 2013 and the expected positive externalities for Croatia's development. For the European Parliament, the decline was not as substantial as for the EU in general, for while people in nine of the countries have lost less than 10% of their faith in the EU, for the European Parliament we find that the decline was less than 10% in 13 countries. Furthermore, in all but the Southern European countries the country group averages show a smaller decline in trust in the European Parliament than in the EU in general. A possible explanation for these numbers is that the European Parliament has far less immediate presence for most people because they lack knowledge of how the European system functions, so in general they are far readier to apportion blame to the EU – perhaps deploring its efforts at crisis management, for instance – than they are to find fault with any specific institution.

If trust in the EU, the European Parliament and the European Commission is laid out on a chart featuring each category in a different colour (with red being

[1] STANDARD EUROBAROMETER 81 PUBLIC OPINION IN THE EU – SPRING 2014, *accessed at http://ec.europa.eu/public_opinion/archives/eb/eb81/eb81_publ_en.pdf*

Table 9. Trust in the EU and its institutions (2008 and 2013)

	EU 2013	Change since 2008	EP 2013	Change since 2008
EU Average	**36%**	**-16%**	**53%**	**-2%**
Central & Eastern	**42%**	**-13%**	**48%**	**-8%**
Bulgaria	54%	-4%	53%	-4%
Croatia	39%	8%	45%	7%
Czech Republic	36%	-21%	45%	-13%
Estonia	45%	-22%	52%	-8%
Hungary	46%	-3%	56%	-3%
Latvia	36%	-8%	39%	-2%
Lithuania	51%	-4%	55%	-1%
Poland	38%	-16%	47%	-4%
Romania	24%	-40%	46%	-18%
Slovakia	45%	-23%	50%	-19%
Slovenia	44%	-16%	40%	-22%
Northern	**41%**	**-11%**	**53%**	**-7%**
Denmark	49%	-10%	60%	-3%
Finland	40%	-8%	49%	-10%
Sweden	33%	-17%	51%	-7%
Southern	**28%**	**-24%**	**32%**	**-24%**
Cyprus	33%	-20%	32%	-19%
Greece	18%	-40%	20%	-39%
Italy	25%	-16%	36%	-17%
Malta	51%	-7%	55%	-7%
Portugal	24%	-25%	32%	-24%
Spain	17%	-37%	17%	-40%
Western	**34%**	**-13%**	**42%**	**-9%**
Austria	35%	-7%	40%	-8%
Belgium	47%	-13%	54%	0%
France	32%	-13%	37%	-14%
Germany	29%	-12%	35%	-12%
Ireland	28%	-21%	38%	-16%
Luxembourg	43%	-5%	56%	-9%
Netherlands	36%	-27%	50%	-8%
United Kingdom	20%	-5%	25%	-2%

Source: Own Calculations, based on Eurobarometer 70.1/2008 (QA12 & QA18); 79.3/2013 (QA12 & QA18): "Please tell me if you tend to trust it or tend not to trust: the European Union / the European Parliament". Numbers in bold are regional averages.

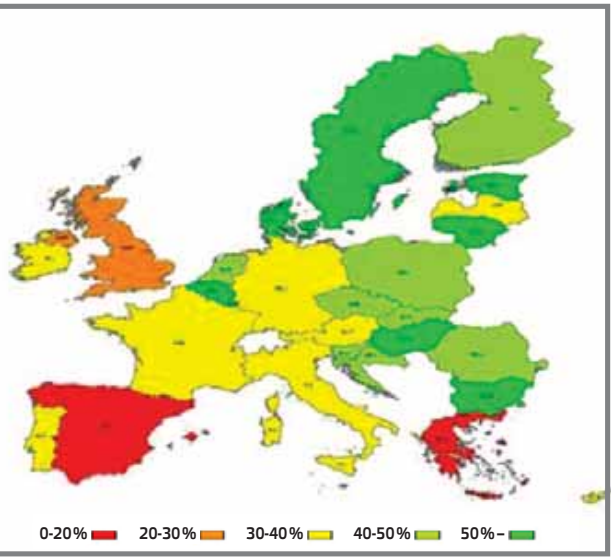
the least trusting, see **Figure 6** to **Figure 8**) Central and Eastern Europe, although with the exceptions of Latvia, the Czech Republic and Slovenia, is for the most part a bastion of trust in the EU with only Denmark and Belgium for company. Countries like Germany, Italy, the United Kingdom, Portugal and Ireland are perilously close to the red area, with Spain and Greece already there since 2013. From among the EU's founding members, the Benelux countries have held up best, being found alongside Sweden, Finland, the Czech Republic, Slovenia, and Latvia in the area showing reasonable trust. The figures further demonstrate that in general, trust in the EU is

Figures 6-7. Trust in the EU and different EU bodies (2013, in %)

Figure 6. Trust in the EU

Figure 7. Trust in the EU Commission

Figure 8. Trust in the EU Parliament

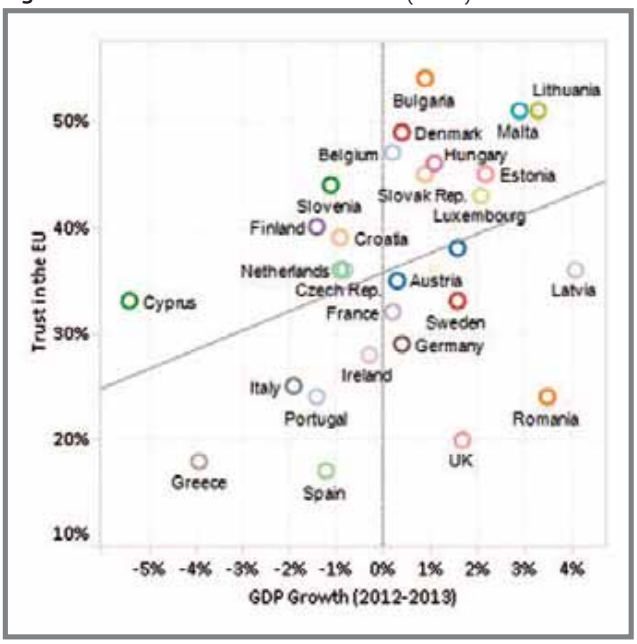


Source: Eurobarometer 79.3/2013 (QA12 & QA18): "Please tell me if you tend to trust it or tend not to trust: the European Union, the European Commission, the European Parliament".

much lower than in the European Commission or the European Parliament. Apart from Cyprus, Greece, Portugal, Slovenia, Spain and the United Kingdom, all other countries show trust in the European Commission at levels above 40 %. For trust in the European Parliament, most Central and Eastern countries, the Nordic countries, the Benelux and Malta reach the same figure of 40 %, while for the EU in general only ten countries evince such high levels of trust – and six of those are in Central Eastern Europe.

The crisis of confidence has manifested itself not only in the figures for declared trust in the EU and national governments, but also in an unprecedented surge in the popular belief that Europe is governed more by particularistic interests than by politicians of integrity who can be trusted to have the interest of the population at heart (see **Table 7**). Of course, there cannot but be a large number of explanations for that. EU citizens develop their opinions in a complex multi-level environment in which national and local agents interact (Hooghe and Marks 2001) so it is to be expected that the job of distinguishing between perceptions of the different levels of governance and assessing their impact on people's lives is a complex task. Moreover, differences in development across the continent have grown with every enlargement of the EU, but the countries of rich and poor Europe have not been perfectly matched in the ways they have coped with the crisis. Where performance of governments, governance and trust are concerned, then, Europe presents variable geometry,

Figure 9. Trust in the EU & GDP Growth (2013)



Source: Eurostat (GDP growth) and Eurobarometer 79.3/2013 (QA12): "Please tell me if you tend to trust it or tend not to trust the European Union".

with different explanations across clusters of countries or even individual member states.

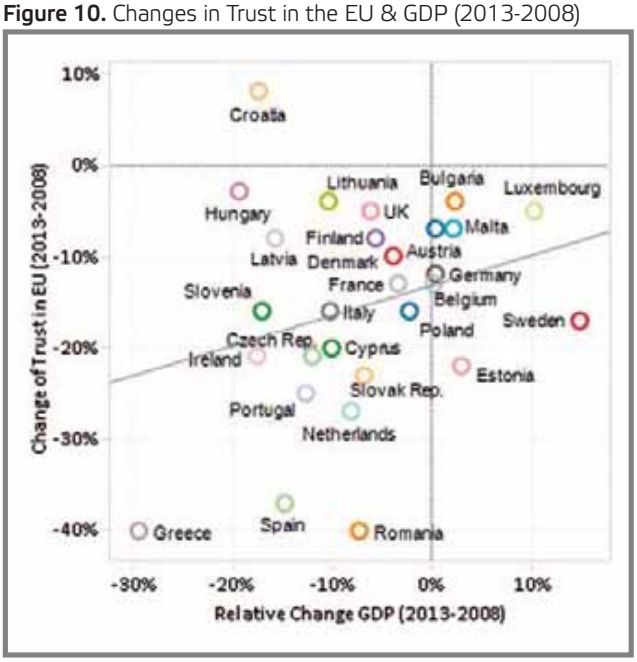
There might indeed be common causes for the decline in confidence, since the crisis was obviously a challenge for everyone and faced jointly. However, it was also contextualized and therefore different in 'old' as opposed to 'new' Europe, in North and South, in countries using the euro and countries not using the euro; there were even differences between successful countries using the euro and less successful ones using it – the possibilities seem endless! To manage and understand such complexity it is not enough to map the continent's confidence, loss of confidence and perceptions of governance before and after the crisis, not even for all member states and the EU itself. We must go further than that, and explore and explain the loss of confidence so as to understand how cultural predispositions, government performance and public integrity together contribute to the levels of trust accorded to each government and each tier of government. Nevertheless, if we look at the map of trust in the EU and its institutions, it seems that one overarching 'performance hypothesis' emerges, which is that countries hit hardest by the economic crisis can be expected to experienced large losses of trust.

Indeed, there is a positive association between growth rates and levels of trust in the EU (**Figure 9**). If we match changes in trust levels with the relative changes in GDP from 2008 to 2013 we uncover a similar relationship (**Figure 10**) in that, at least in part, Europeans' loss of trust in the EU can be related to the economic performance of their countries. On average therefore, economies which managed to cope better with the crisis showed less loss of confidence in the EU. However, there are outliers, the most obvious being Croatia where although GDP dropped by almost 20 % over the five years to 2013 its citizens' trust in the EU actually increased, an exceptional result in the EU during the relevant period and most probably due to the 'accession effect'. By contrast, Sweden experienced a rather striking economic bust between 2008 and 2013 and simultaneously lost confidence in the EU – by almost 20 %.[2]

On the other hand, trust in the EU seems to defy most of what is generally professed in the literature, where high trust is traditionally associated with more developed contexts. In fact, we can see that the less

[2] We also looked at the relationship between unemployment rates within EU MS and trust in EU in 2013. Although being negative (as one might have expected), this relationship was rather weak and mostly driven by Spain and Greece, two countries with highest unemployment rates and lowest trust levels in 2013. Without these two "outliers" the negative relationship almost disappeared.

Figure 10. Changes in Trust in the EU & GDP (2013-2008)



Source: Eurostat (GDP) and Eurobarometer 70.1/2008 (QA12); 79.3/2013 (QA12): "Please tell me if you tend to trust it or tend not to trust: the European Union".

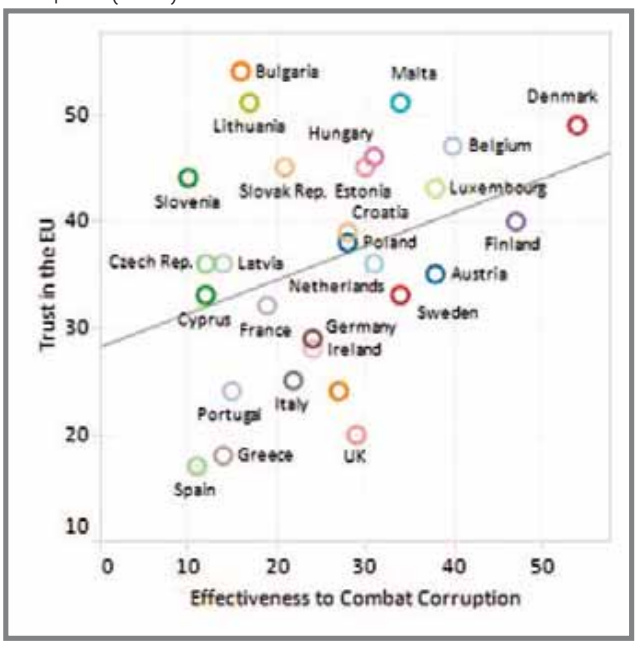
developed Central and Eastern Europe is actually the most trustful and, again contradicting much of the literature, older members are presently less trustful than some of the new members, because older members had more time to gain trust in the EU and to become socialized in the EU as a political union. So besides the performance hypotheses we suspect that governance plays a role in explaining trust in the EU, and in particular we find that citizens' confidence whether their governments combat corruption effectively is significantly related to trust in the EU. The up-trending line in **Figure 11** shows a positive association between both indicators, and apart from a few outliers such as Bulgaria and Lithuania, most countries who approve of their government's policy on integrity also have greater trust in the EU.

Perception of the integrity of EU institutions

Between 2008 and 2013, in Western European countries, the perception that institutions of the EU were corrupt continually increased (see **Table 10**). Germany's results are the main drivers for the trend, because while in 2009 42 % of its population believed EU institutions were corrupt, in 2013 the number almost doubled to 81 %. Citizens in other countries too did not believe in the reduction of corruption. On average, almost 75 % of citizens In the Northern and Western EU believe that there is corruption within EU institutions and there has been no great change in their beliefs over the years, but their beliefs are quite heterogeneous within the geographical clusters. For example, within Central and Eastern Europe, Bulgarians and Romanians have much lower perceptions of corruption than are recorded in the Czech Republic, Slovakia or Slovenia where the figures are very close to those of their western neighbours; and people in Finland seem to be much less critical than in Sweden.

However, interpretation of this data should be done carefully as there could be serious problems with it. First, as to the value of survey data. People tend to know very little about EU institutions and very few Europeans follow news items about them, whereas they monitor their local governments closely. It is questionable if such survey questions should be included at all when half of Europeans admit that they know little about the EU, or at any rate it is questionable if the whole sample should be asked. But if they are asked, then we should wonder why the questions are so poorly phrased? Why ask if corruption 'exists', rather than asking if it is widespread? Such wrong-headed phrasing leads directly to survey error, because positive responses are automatically prompted, with the result that the results almost amount to an assemblage of people who believe corruption exists as the exception, and another assemblage of people who believe it is widespread. Furthermore, with such low awareness and imprecision in the survey questions, the reported perception of corruption might reflect something else entirely such

Figure 11. Trust in the EU and government efforts to combat corruption (2013)



Source: Eurobarometer: 79.3/2013 (QA12): "Please tell me if you tend to trust it or tend not to trust the European Union"; and 79.1/2013 (QB15): Please tell me whether you agree or disagree with the Governments' efforts to combat corruption are effective.

Table 10. % who believe corruption is present in the EU institutions (2008, 2009 & 2013, in %)

	2008	2009	2013	Change 2008-2013
EU Average	**59%**	**72%**	**64%**	**5%**
Central & Eastern	**51%**	**68%**	**54%**	**3%**
Bulgaria	38%	62%	41%	3%
Croatia	–	–	59%	–
Czech Republic	64%	74%	69%	5%
Estonia	47%	62%	49%	2%
Hungary	63%	77%	52%	-11%
Latvia	50%	67%	48%	-2%
Lithuania	50%	69%	60%	10%
Poland	41%	58%	47%	6%
Romania	46%	58%	37%	-9%
Slovakia	52%	69%	67%	15%
Slovenia	61%	86%	67%	6%
Northern	**72%**	**79%**	**74%**	**2%**
Denmark	65%	73%	71%	6%
Finland	70%	79%	66%	-4%
Sweden	82%	86%	85%	3%
Southern	**63%**	**76%**	**64%**	**1%**
Cyprus	47%	65%	66%	19%
Greece	75%	86%	69%	-6%
Italy	70%	74%	75%	5%
Malta	47%	70%	38%	-9%
Portugal	71%	80%	59%	-12%
Spain	65%	78%	74%	9%
Western	**63%**	**70%**	**74%**	**11%**
Austria	70%	79%	80%	10%
Belgium	71%	80%	70%	-1%
France	65%	78%	69%	4%
Germany	39%	42%	81%	42%
Ireland	52%	73%	68%	16%
Luxembourg	71%	73%	72%	1%
Netherlands	62%	71%	70%	8%
United Kingdom	68%	80%	74%	6%

Source: Eurobarometer 68.2/2008 (QB1); 72.2/2009 (QB1); 79.1/2013 (QB15): Please tell me whether you agree or disagree with: There is corruption within the institutions of the EU? Numbers in bold are regional averages.

as the critical views of populations subjected to austerity policies who might consider 'corrupt' the simple fact that EU officials do not pay tax. Such important qualifications apart, the perception of corruption in EU institutions, like trust in them, seems to belong in 'Alice's reverse looking glass'. The higher a country's standards of national integrity, the more demanding are its citizens in their attitudes to EU institutions, and therefore the more critical they are of them. A chart of trust in the EU shows that its most recent members, such as Romania, show the greatest trust in it and are least inclined to see it as corrupt, while the citizens of some of the countries with top marks for integrity at national level, like Germany, then claim that the EU is a hot-bed of corruption! A country's own high standards can therefore lead it to expect the same of the EU, while citizens of countries with high perceived levels of national corruption might tend to set the bar lower for the EU and its institutions.

Section IV. Objective data on governance

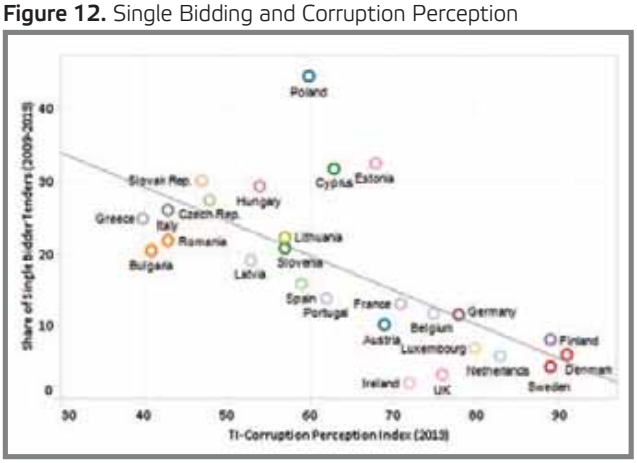
The bulk of academic and policy work on corruption is undertaken at member state level, and the European Commission anticorruption report stopped short of covering the EU institutions as well (TI 2014). To assess integrity at the level of EU institutions we have only the risk assessment on integrity undertaken by Transparency International in 2014, which looked at corruption risks in 10 EU institutions. The assessment examined rules and practices designed to prevent corruption within those institutions, as well as how each institution contributed to the wider fight against corruption in Europe. Despite improvements to the framework for integrity overall, the report found **persistent corruption risks in the EU, especially due to lack of transparency in both lobbying and law-making, poor management of conflicts of interest, weak protection for EU whistle-blowers and weak sanctions against corrupt companies (TI 2014). But the report's methodology remained qualitative**. To arrive at a quantitative estimate of corruption risk at EU level we look at public procurement data, including data on EU institutions and so placing them in a comparative framework with EU countries.

Table 11. Correlation between single bidding in public procurement and corruption indicators in the EU

Variables	Correlation
CPI (2013)	-0.67***
WGI Coc (2013)	-0.69***

*Note: *** Pearson correlation coefficients are significant at the 0.1 % level.*

Figure 12. Single Bidding and Corruption Perception



Source: Single Bidding: EU's Tenders Electronic Daily, data released by DG GROW of the European Commission, available under: http://ted.europa.eu/TED/main/HomePage.do; TI- Corruption Perception Index, available under: http://www.transparency.org/cpi2013.

Corruption in public procurement refers not only to exceptional favouritism derived from bribes or the peddling of influence, but might go so far as to determine systematic deviation from the norms of impartiality and ethical universalism. The results are then particularistic allocation of public resources, with privileges for certain companies or individuals and discrimination against others. Unlike other areas of the public sector, procurement is now extensively regulated precisely to avoid such risks. The present report presents a single straightforward procurement-related corruption risk indicator, namely *single bidding*, whereby only one bid is submitted in tender in a supposedly competitive market. The lack of genuine competition generally allows the award of contracts at higher than market values and facilitates the extraction of corrupt rents. Moreover, in a competitive market such as the EU service market, it indicates that competitors believe a prospective contract is a done deal for some favoured company so they do not bother to tender. Single bidding might be permissible in exceptional cases, but at the high contract values reported in the EU Tender Electronic Database it should actually be extremely rare, as all tenders above four million Euros are officially required to be competitive.

Beyond its conceptual clarity single bidding in public procurement can be considered to be a valid proxy for high-level corruption in the award of public contracts for it correlates with perceived levels of corruption at national level and with other 'objective' risk indicators in public procurement (e.g., procedure types, length of submission period, etc.; see Fazekas and Tóth 2014). **Table 11** shows that Europeans' perceptions of integrity at national level do have some justification, as procurement risk factors seem to match perceptions of corruption. As expected, the prevalence of single bidding (2009-2013 averages per country) correlates significantly with the CPI (2013), and with the World Bank's Control of Corruption measure.[3]

This string correlation is also shown clearly when country-level single bidder percentages are plotted against Transparency International's Corruption Perception Index (**Figure 12**). Only certain countries deviate significantly from the regression line, which indicates that in all but the exceptional cases, perceptions are by and large in line with that 'objective' risk factor.

[3] Note that both corruption measures imply that the higher the respective value, the less is the perceived level of corruption. Therefore we expect both measures to be negatively correlated with % of single bidder contracts.

There are two micro-level objective indicators which can be used to further test the validity of single bidding as a corruption risk indicator. First, public procurement suppliers registered in tax havens are expected to be higher corruption risks than companies registered in more transparent jurisdictions, because it can be expected that companies with non-transparent ownership structures operating under laxer tax regulations are more likely to be used as vehicles for extracting corrupt rents from government contracts (Shaxson and Christensen 2013).

Table 12. % of single bidder contracts in public procurement (2009-2013)

	2009	2010	2011	2012	2013
EU Average	**19%**	**20%**	**20%**	**21%**	**21%**
Central & Eastern	**29%**	**31%**	**29%**	**26%**	**25%**
Bulgaria	21%	10%	20%	23%	25%
Croatia	-	-	-	-	38%
Czech Republic	34%	31%	32%	24%	18%
Estonia	33%	53%	30%	24%	22%
Hungary	26%	32%	29%	30%	30%
Latvia	13%	23%	22%	21%	14%
Lithuania	16%	20%	23%	23%	25%
Poland	44%	44%	45%	46%	43%
Romania	25%	23%	19%	19%	25%
Slovakia	61%	58%	48%	33%	12%
Slovenia	17%	19%	22%	21%	23%
Northern	**5%**	**6%**	**7%**	**7%**	**7%**
Denmark	5%	6%	7%	7%	6%
Finland	8%	6%	8%	9%	11%
Sweden	3%	5%	5%	5%	5%
Southern	**21%**	**23%**	**25%**	**26%**	**29%**
Cyprus	29%	28%	26%	33%	43%
Greece	13%	35%	16%	28%	31%
Italy	25%	26%	27%	25%	28%
Malta	35%	25%	49%	34%	28%
Portugal	11%	8%	12%	16%	25%
Spain	12%	14%	18%	18%	20%
Western	**8%**	**8%**	**8%**	**8%**	**10%**
Austria	10%	10%	8%	9%	14%
Belgium	11%	9%	11%	12%	16%
France	13%	12%	13%	14%	14%
Germany	13%	14%	10%	9%	11%
Ireland	2%	2%	2%	2%	3%
Luxembourg	6%	5%	10%	6%	8%
Netherlands	6%	6%	5%	6%	7%
United Kingdom	3%	3%	3%	4%	4%

Source: EU's Tenders Electronic Daily, data released by DG GROW of the European Commission, available under: http://ted.europa.eu/TED/main/HomePage.do.
Note: Table shows the proportion of public procurement as part of the total amount of contracts. Numbers are aggregated based on the number of contracts.

Second, tenders for contracts of greater value are expected to carry greater risk of corruption, because the ultimate goal of corruption is to earn rents from contracts with inflated values. Both tests are confirmatory. Furthermore, non-domestic procurement suppliers registered in tax havens are more likely than companies not registered in tax havens to be single bidders, at 33% and 29% respectively. Finally, it is worth noting that for our period single bidder contracts were on average 7.5% more expensive than contracts for which multiple bids were submitted.[4]

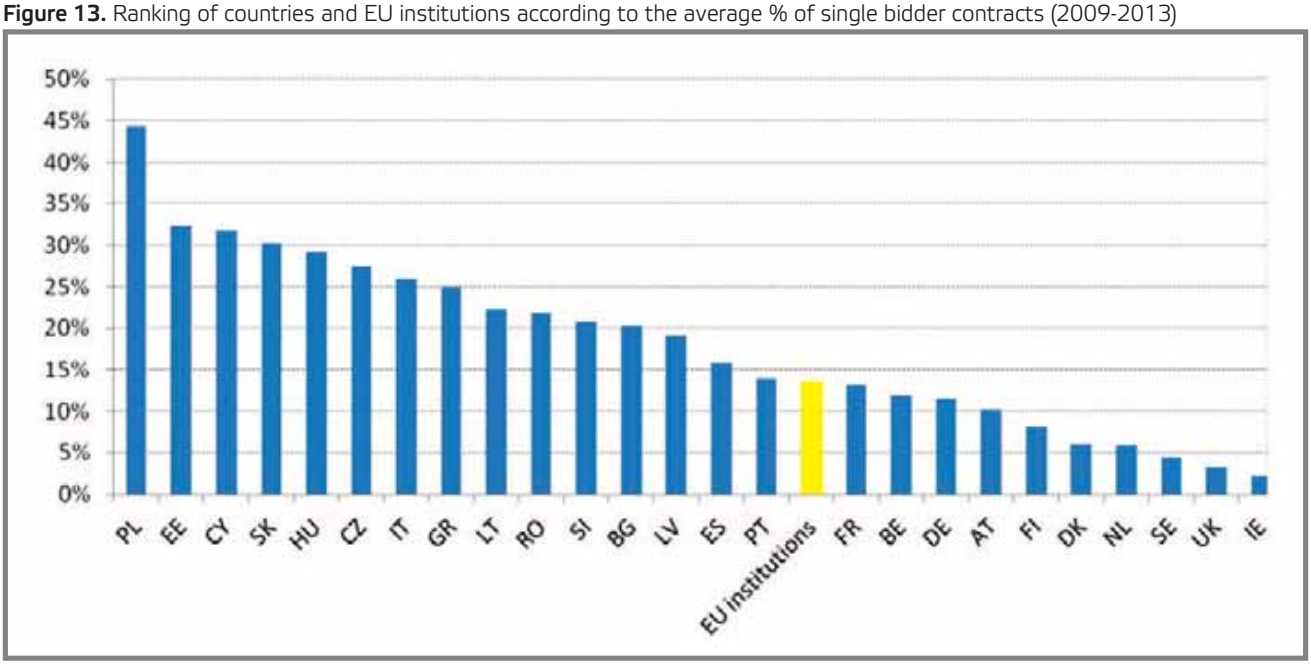
There is remarkable variance across Europe in the prevalence of single bidding. In countries of Central and Eastern Europe, 25% of public procurement is executed through single bidding, with the proportion reaching around 45% in some countries, such as Poland. Southern European countries have a high proportion of 'favourite companies' which make sole bids for many public tenders and regularly win gross shares of public funds. Meanwhile, at the other end of the spectrum are countries where competition for public funds is the norm and 'dedicated' tenders practically do not exist. In the UK and Ireland, for instance, sole bids make up less than 5% of procurement, and the Netherlands, Luxembourg and the Nordic countries show consistently low percentages of single bidding. The rest of Western Europe lies below the EU average with 8% to 16% of public procurement being assigned to single bidders (see **Table 12**).

Table 12 further shows the stability of procurement practices, with countries such as Ireland, France, and Poland presenting identical patterns throughout the years. Other countries present more variation. For most years Malta returns values between 25% and 35%, but in 2011 it experienced a spike of 49%. Certain countries such as Estonia or the Czech Republic improved their performances radically while others deteriorated, for example Bulgaria and Portugal.

Single bidding is one of the few indicators available to assess integrity at EU level too. In **Figure 13**, the Tenders Electronic Daily (TED) dataset, which contains only the largest contracts regulated by the EU Public Procurement Directive, allows us to review the prevalence of single bidding for EU institutions compared to MS. Rather surprisingly figure 13 reveals also that EU Institutions show a single bidder share roughly the same as the EU average, meaning

[4] Results have been obtained by regression analysis when taking into account sector of the contracting entity, type of contracting entity, year of contract award, main product market of procured goods and services, and contract value and were statistically significant within a sample covering 20.024 contacts over the period 2009-2013.

Figure 13. Ranking of countries and EU institutions according to the average % of single bidder contracts (2009-2013)



Source: EU's Tenders Electronic Daily, data released by DG GROW of the European Commission, available under: http://ted.europa.eu/TED/main/HomePage.do
Note: Aggregation based on the number of contracts.

they are below the best achievers such as Ireland, the UK and Sweden.

These results are in line with the only recent report to focus on the quality of the integrity equipment of European institutions, a report authored by the Transparency International EU Office which found that the overall integrity framework is poorly enforced. Despite legal obligations to do so, only one EU institution was found to have put effective mechanisms in place to protect internal whistle-blowers, that there is no routine comprehensive verification of the assets declared by Commissioners or MEPs, and that by late 2013 only seven companies had been black-listed after discovery of evidence of corruption relating to EU tendering (TI 2014). Research into EU institutions following criteria applied to national research (for instance on agency capture) has so far never been undertaken nor even commissioned, so the limited information reported here amounts to the extent of knowledge of the subject.

Section V. The trust-governance linkage

Perceptions of public integrity and political trust are very closely associated, and far from being subjective or disconnected from reality they reflect very concrete and specific realities remarkably well, such as illustrated by favouritism in public procurement. Because favouritism results in either privilege (for instance, for favoured companies) or discrimination (against either citizens or businesses lacking privileged connections), people form their perceptions of governance from the outcome of favouritism, which is unfair distribution. They form such perceptions even if they are not privy to the mechanisms of favouritism, having not themselves witnessed bribery nor seen the traffic of influence. People judge by results, and rather naturally assume that such wrong outcomes as the well-known existence of favoured companies have in all likelihood come about as the results of faulty processes. A front page scandal like the Siemens (German based company) bribery case in Greece, followed by the company's admissions and only very moderate legal sanction has shown that loss of integrity for Western companies is the price of business expansion in more and more countries where government favouritism reigns; such cases show too that constraints on corruption at home cannot account for their behaviour abroad. Such scandals leave lasting scars on public opinion.[5]

Since the advent of the Euro crisis, certain countries that were once textbook examples of ethical universalism have been shaken by scandals which have resulted in loss of public trust. In **France**, the media revealed that budget minister Jerome Cahuzac, who had been entrusted with cracking down on tax evasion and with reducing public expenses, had himself evaded tax for two decades by hiding his private income in undeclared accounts in Switzerland and Singapore,[6] a practice it nevertheless took the minister and the relevant authorities months to acknowledge. Similarly, the International Consortium of Investigative Journalists (ICIJ) disclosed in what has become known as "offshore leaks" detailed records on offshore accounts practices of individuals in more than 170 countries, including people holding positions of public trust, such as the French President's campaign treasurer.[7] The leaks and subsequent public advocacy has been credited with the recent drive within the EU of overhauling the tax-havens' industry.[8] Against such a backdrop and in line with a more general trend of rising support across member states for non-mainstream parties, the French Left lost the trust of voters in 28 *departements* in the next elections (2015). Furthermore, the anti-system party National Front took the first place in the European proportional elections in France and it needed left-leaning voters to vote for the mainstream Right in the second round of departmental elections in 2015 to stop the National Front winning in several constituencies.[9] Beyond the economic effects of the crisis referred to in the previous section, governments should not underestimate what devastating effects can wrought by their own integrity policies on the trust of their voters.

In view of falling public revenues in the wake of the economic crisis **tax administrations have been put under the integrity spotlight in new EU member countries too**. In **Hungary**, not only a certain whistleblower but US and Hungarian investigators too have discovered a story implicating the Hungarian Tax Authority (NAV) in allegedly allowing carousel fraud for certain groups.[10] Internal controllers tried to clear NAV premises of potential evidence over the weekend following the revelations, while the whistle-blower was searched and indicted for allegedly infringing rules on personal data; much of his evidence was seized by police. Meanwhile, US authorities banned the president of NAV and five other unnamed associates from travelling to the US as a result of charges of corruption,[11] and as the affair escalated and attracted wider public attention the Hungarian Prime Minister himself intervened in an attempt to deflect allegations of corruption. He accused opponents of trying to destabilise the country's finances, thus further exacerbating public concerns about integrity.[12] There followed a series of protest demonstrations which openly accused the authorities of involvement in corruption (see **Picture 1**). As a result, trust in the NAV plummeted as more and more of the media associated the tax agency with corruption (see **Figure 14**).

In Southern Europe too, countries such as **Greece** and **Spain**, which were among the hardest hit by the crisis and the loss of trust, experienced a number of high-profile cases concerning integrity which dam-

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[5] http://www.spiegel.de/international/spiegel/siemens-corruption-scandal-they-have-seriously-damaged-the-company-a-455234.html

[6] http://www.spiegel.de/international/europe/cahuzac-tax-evasion-scandal-threatens-french-government-a-892547.html

[7] http://www.icij.org/offshore/who-uses-offshore-world

[8] http://www.icij.org/blog/2013/04/release-offshore-records-draws-worldwide-response

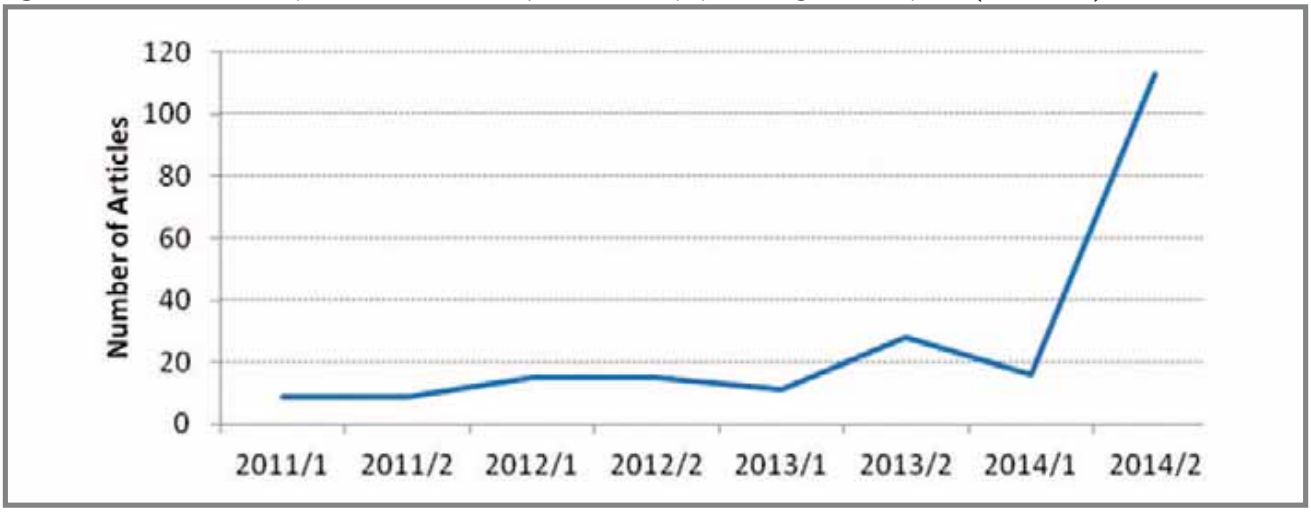
[9] http://www.economist.com/blogs/charlemagne/2014/05/national-fronts-victory

[10] http://antikorrupcio.hu/en/vat-fraud-in-the-eu-member-states/

[11] http://blogs.wsj.com/emergingeurope/2014/11/05/hungary-tax-office-head-says-banned-from-entering-u-s/

[12] http://mno.hu/belfold/orban-viktor-egyre-komolytalanabb-a-beutazasi-tilalom-ugye-1258306

Figure 14. Mentions of 'Corruption' and 'Tax Authority' on the most popular Hungarian new portal (2011-2014)



Source: Own calculation based on the Hungarian news portal www.index.hu.

Picture 1. Demonstration against the Hungarian Tax Authority in October 2014

Legend: In the demonstration of 26th October 2014 a demonstrator holding a board, saying: "We don't pay tax to criminals" Source: www.Hir24.hu.

aged trust in the public administration and state institutions. For example, in one such case the Spanish media reported that in the 12 months leading up to its 2012 bailout by the Spanish authorities, the executives of Caja Madrid (the oldest Spanish saving bank) paid themselves a total of more than €1m in daily allowances and received 1,200 gifts. It was revealed that all the directors were close both to the main political parties and the trade unions, raising integrity concerns across public institutions.[13] In 2010, Caja Madrid merged with a series of smaller savings banks to become Bankia, which in May 2012 reported a loss of €4.3bn, revised a year later to €19bn. It was the largest corporate loss in Spanish history, and the Spanish government bailed out Bankia with taxpayers' money.

Greece has been in the spotlight of media and public attention all across the EU for integrity concerns ever since its EU partners bailed it out in 2009. Perhaps the most notable example – certainly it became the most widely circulated in the media – has been Greece's purchase of military equipment (on credit) from European allies. It subsequently emerged that this was after various officials from responsible authorities accepted bribes from European companies to endorse the deals. Greece bought heavy tanks without ammunition, fighter aircraft without electronic guidance systems, and paid more than $4 billion for unfinished German submarines, leading to waves of public distrust all across the continent.[14] The Brookings Institution estimated that if Greece had better control of corruption, even to Spanish levels, it would have managed to reduce its budget deficit by 4% of gross domestic product.[15] The case of Greece destroyed the myth of 'clean Europe', as the companies paying local bribes were top names from Germany and Sweden, allegedly Europe's least corrupt countries. Moreover, the Greek case was not a singularity; the United States Securities and Exchange Commission (SEC) opened an investigation into the Swedish multinational Ericsson's business practices in Romania, after a former Ericsson employee disclosed that the company had approved a slush-fund from which to buy off Romanian officials and decision makers in order to win contracts.[16]

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[13] http://www.theguardian.com/business/2014/oct/09/former-caja-directors-accused-credit-card-misuse-bankia

[14] http://www.nytimes.com/2014/02/08/world/europe/so-many-bribes-a-greek-official-cant-recall-all.html?_r=0

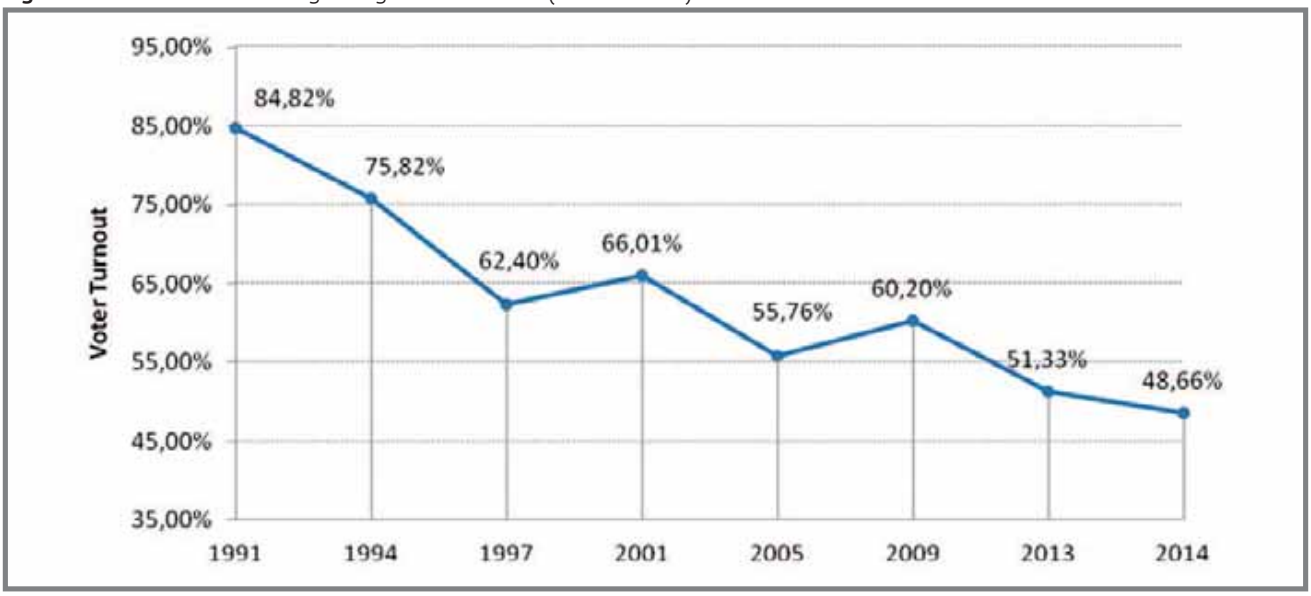
[15] http://www.wsj.com/articles/SB10001424052702303828304575179921909783864; http://sverigesradio.se/sida/artikel.aspx?programid=83&artikel=5826945

[16] https://www.occrp.org/index.php/en/ccwatch/cc-watch-briefs/1959-sec-investigates-ericsson-bribe-allegations

Citizens of countries which perceive that particularism is the rule of the game have been pushing for a complete reshuffle of domestic politics. In **Bulgaria** in 2013, people staged protest rallies for more than a year after what they saw as the politically motivated nomination of a controversial individual as head of the most powerful security agency in the country. Prior to the attempt at that appointment, a parliamentary majority had hastily adopted legislation to lower the professional requirements for the job, among the functions of which was investigation of high-level corruption in the country.[17,18] In addition, the appointment was seen as having been made without a proper public hearing, and in disregard of the procedures for democratic accountability and control, since even the members of the ruling majority party in parliament were informed of it only minutes before voting on it. Protests ended only after the wholesale resignation of the government and the calling of early national elections for 2014. The political stalemate that ensued resulted in stalled anti-corruption reforms,[19] while trust in government and parliament nosedived. The negative assessments of the work of the Bulgarian Parliament and the Bulgarian Government reached 65 % and 60 % respectively at the beginning of 2014 (Alpha Research 2015) and in turn discouraged Bulgarians from voting, so that there was a record low turnout during the 2014 general parliamentary elections (see **Figure 15**).

In **Romania**, the recent surge in indictments and arrests for offences of corruption has shown up some of the reasons for Romanians' chronic lack of trust in public institutions. In 2015 Horia Georgescu, director of Romania's National Integrity Agency no less, was arrested and charged with corruption, as was Alina Bica, chief prosecutor of the Organised Crime Division, both charged separately in relation to activities of the Property Restitution Agency. Both had previously served on the executive committees of the respective agencies, and it was alleged that between them they had defrauded the state of some 75 million Euros. An administrative audit in 2015 suggested that nearly all the restitution of assets confiscated during Communist rule had been organized corruptly, ensuring overvalued compensation payments to selected individuals. It appeared that following the passage in 2011 of legislation allowing the Agency complete discretion over restitutions in cash and shares, a mutual fund was set up for owners. Romania had so far paid over five billion euros to the fund, a sizeable share of the 2010 budget deficit, which was eventually covered by every public sector employee to the tune of a quarter of each of their annual salaries.[20] The main beneficiaries

Figure 15. Voter turnout in Bulgarian general elections (1991 – 2014)



Source: Central Election Commission Bulgaria

[17] FT Online. (14 June 2013). *Bulgarians protest as media mogul named to head state security.*

[18] Brunwasser, M. (28 June 2013). *After Political Appointment in Bulgaria, Rage Boils Over.* The New York Times Online Edition. [WWW]. Available from: http://www.nytimes.com/2013/06/29/world/europe/after-political-appointment-in-bulgaria-rage-boils-over.html [Accessed: 26 March 2015].

[19] CSD. (2014). *Corruption Assessment Report: Anti-Corruption Policies against State Capture.*

[20] http://www.zf.ro/burse-fonduri-mutuale/guvernul-ponta-constata-dar-nu-merge-mai-departe-dupa-patru-ani-dosarele-speciale-de-la-anrp-ies-la-iveala-dar-sutele-de-milioane-de-euro-sunt-deja-date-13990356

of that attempt at restorative justice were therefore such second-generation politically connected buyers who had extorted their claims from owners dispossessed during Communist times.

The media in **Slovakia** have recently exposed one of the most widely publicly recognised breaches of government integrity, by publishing evidence that public jobs are preferentially awarded to people connected to the party in government.[21] The case centred on the town of Zvolen in 2013, but it strikes a familiar chord in all new member countries, as indeed it does in Greece and Southern Italy. A major weekly paper published a story, with supporting evidence, that certain job applications had been marked with notes saying which person or institution had recommended particular candidates. The most frequent referee in the case was the local Member of Parliament (MP) for the governing Smer–SD party (Smer). Some application letters even carried footnotes that the applicant was a member of the 'regional club of the Smer party'. It seems the scheme worked, and all those who had their applications endorsed had been given a job. The case provides yet another example of the many ways in which public trust is influenced by failures of integrity in new EU member states. In similar vein, in 2013 the Sofia City Court in Bulgaria dismissed the Chair of CPACI, Bulgaria's integrity agency in charge of the enforcement of conflict of interest legislation.[22] He was charged with malfeasance after the state prosecution acquired his personal notebook, containing information about various files and cases relating to persons under investigation for conflict of interest.[23] Allegedly, commonly encountered in the book were instructions to consult a high-ranking politician of what was then the ruling majority party before deciding on a case. The politicians mentioned subsequently resigned from Parliament.[24]

Other cases prove that such behaviour and especially the resulting popular distrust is not limited to those countries emerging from democratic transition which have recently joined the EU. In the 2015 elections in **Spain**, corruption was a major theme and most cities elected mayors from outside mainstream parties and with no background in public life. In **Austria** students revolted at what they perceived to be corrupt public spending by politicians in the bailing out of a bank. Austrian taxpayers had to contribute 5.5 billion euros towards the bailing out of the Hypo Alpe-Adria bank through a government initiated state takeover in 2009.[25] The bank had been publicly associated with one of the country's main political parties, and architecture students from the University of Technology built a model of a small city on a square in central Vienna and dubbed it 'Hypotopia' – a miniature form of a putative city where more than 100,000 people could have lived, worked and played and which could have been built with all the lost money.[26] The model was then dissembled and the pieces were carried to the City Hall to represent 'debts' left to be recovered from the public purse. Such actions not only show that there was already high awareness of particularism and hostility to it, but themselves contribute to raising awareness. There were many such cases, and the selection of examples here is due to notoriety – the most visible scandals leave the deepest scars on public trust.

All these examples point to at least two different explanations which apply to the different EU regions. In the less developed countries of Romania and Bulgaria there is chronic frustration at the behaviour of political elites and state capture might become so serious that even good governance agencies become affected by it. In more developed countries like France or Spain the economic crisis has stretched existing public trust so much that the trust compact linking elites and voters seems to have been fractured. Countries where public integrity is generally high lost less trust in government, and then most of it was due only to the economic crisis and the role in it people attributed to government. Countries with high scores for public integrity and which weathered the crisis well saw no loss of trust at all. We therefore explore two different categories of hypothesis to explain lack of trust.

The first, or integrity hypothesis, presumes that loss of trust is due to perceived loss of public integrity. The economic crisis has revealed or perhaps enhanced the contradiction between the self-interested behaviour of elites and the austere private integrity demanded of law abiding citizens in countries of low public integrity, with resulting loss of trust. This hypothesis suggests that actually the crisis acted as a trigger in Western and Southern European countries, making unacceptable certain realities which might have been of long standing but were

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[21] http://www.pluska.sk/plus-7-dni/domov/na-zvolenskom-urade-prace-vyhravali-vyberove-konania-vyvoleni.html

[22] Dnevnik Online Newspaper. (18 July 2013). *Съдът отстрани Филип Златанов от длъжност (видео).* http://www.dnevnik.bg/bulgaria/2013/07/18/2106166_sudut_otstrani_filip_zlatanov_ot_dlujnost_video/

[23] Dnevnik Online Newspaper. (19 July 2013). *Филип Златанов записвал размислите си в изветото тефтерче.* http://www.dnevnik.bg/bulgaria/2013/07/17/2105418_filip_zlatanov_zapisval_razmislite_si_v_izzetoto/

[24] Dnevnik Online Newspaper. (18 July 2013). *Искра Фидосова напуска парламента и ръководството на ГЕРБ (допълнена).* http://www.dnevnik.bg/bulgaria/2013/07/18/2106107_iskra_fidosova_napuska_parlamenta_i_rukovodstvoto_na/

[25] http://www.dw.de/austrias-hypo-alpe-adria-probe-finds-fault-all-round/a-18106716

[26] Ibid

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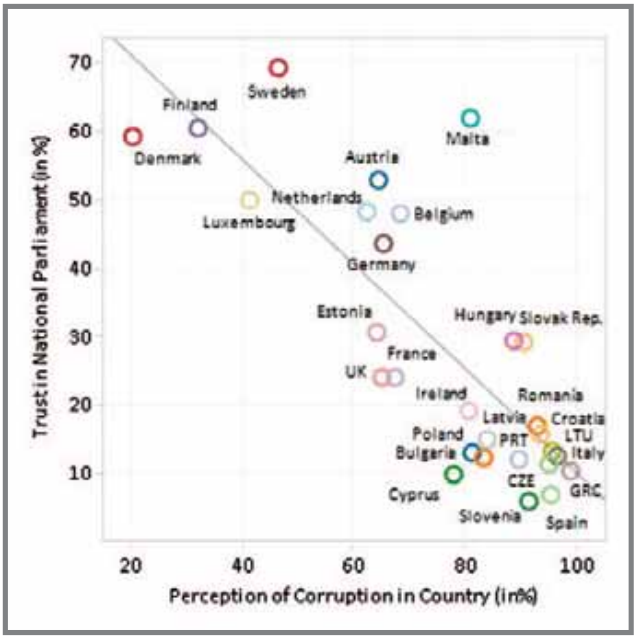
less well-known or perhaps even tolerated when economic times were good. If that hypothesis is valid then we should find that perception of corruption among politicians, or more generally, plays a leading role in explaining trust. For all countries we should also expect that people blame politicians and the government for privileged access to services resulting from connections or for other forms of corruption. As a preliminary analysis, **Figure 16** shows that with the exception of a few outliers like Malta, trust in national Parliaments depends on the perception of corruption to an extremely large extent – two thirds in fact, in the bivariate linear regression.

Some of the countries which nowadays feature in the 'wrong' corner of such graphs would not have been there before the crisis. The collapse in the Corruption Perception Index of Greece or Spain does not mean that the crisis made those countries more corrupt, only that previously, when their economies performed better, experts had regarded corruption with more indulgence. **The second hypothesis therefore concerns the economic performance of governments**. We may reasonably presume that the crisis had both direct and indirect effects on trust in government in countries which were harder hit by it. It is equally reasonable to presume that people blame governments in countries where there was no great reputation for corruption before the crisis, but where scandals broke out resulting from government failure to control corruption. By and large, we presume that governance, manifested in the public perception of integrity, is a chronic, long term factor that subverts trust, and that it does so in association with the public's negative assessment of government performance in dealing with the two highly important matters of the economic crisis (captured as either growth or unemployment) and control of corruption.

Figure 16. Association between trust in national parliaments and corruption (2013)



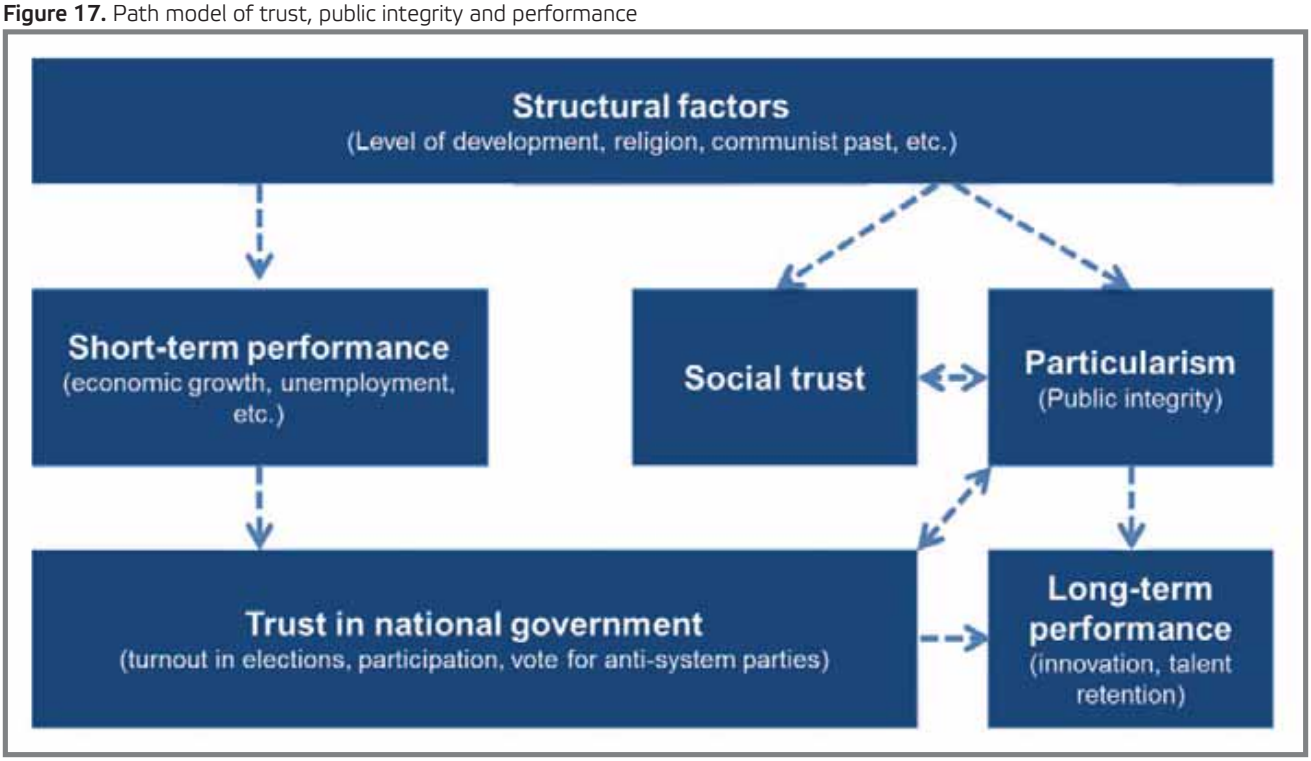
Source: Eurobarometer 79.1 (QB5): "How widespread do you think the problem of corruption is in your country?" / Eurobarometer 79.3, QA12: "Please tell me if you tend to trust it or tend not to trust: Political Parties, the National Government, the National Parliament".

Finally, we have two other important hypotheses to complete this already complex mechanism of trust and performance. **Hypothesis number three is that performance, integrity and trust are all also dependent on context, in other words we shall find differences across different development contexts, as reflected in more basic, structural factors of human development, interpersonal trust, associativity and local development**. In more developed countries where more people live in urban areas and are healthier, better educated and richer, citizens find it generally easier to associate, demand better government and achieve better economic output, although that does not necessarily mean that their governments always perform well and with high integrity, nor that they always enjoy public trust. Beyond the occasional performance by a government which might be influenced by diverse circumstances outside its control, long term sustainable development is hugely influenced by the existence of both a society (and a market) and governments operating by merit-based systems (**Hypothesis 4**). Development is dependent entirely on the conundrum formed by governance and the resulting trust, with favouritism and mistrust subverting even those areas more beneficial for development, such as innovation and talent retention which it does both indirectly, and directly through reduced public spending. The chain described here is actually made up of even more complicated links, with numerous reciprocal influences; but inferential statistics largely confirm the picture. A summary of it can be seen in **Appendix 4**, and a graphic illustration in **Figure 17** below.

The results can be summarized as follows:

1. Interpersonal trust is most dependent on cultural factors, with urban residence and Protestantism featuring as significant factors fostering social trust. But interpersonal trust does not explain much about other forms of trust, such as in parties and government, which implies that public trust is not so bounded by structural factors and is open to influence from specific policies.

Figure 17. Path model of trust, public integrity and performance



2. Government performances affecting economic growth or control of corruption are both significant determinants of political trust, if controlled for development.
3. The behaviour of political elites largely explains trust in parties, which in its turn affects trust in government. Independently, the belief that political connections explain how the public sector works is a major determinant of political trust. People blame politicians and governments for a lack of universalism in public services and perceived favouritism, reinforcing the picture emerging from the case studies.
4. Lack of trust leads to brain drain and low capacity for innovation, signalling that people believe that political elites have failed to empower a national merit-based mechanism. There is then a belief that it is not worth investing talent in one's own country, and that is what leads to the vicious circle of stagnation.

Section VI. For an evidence-based public integrity framework

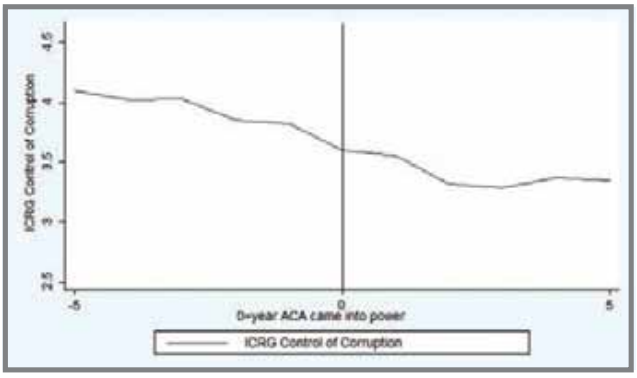
The current instruments of public integrity promotion

As stated in Article 1-2 of the Treaty of the European Union, the EU is founded on values of respect for liberty, equality, democracy, the rule of law and respect for human rights and human dignity, including the rights of persons belonging to minorities. Those values must be common to all Member States, as well as to the European Union overall. Ethical universalism is therefore a basic principle of the EU's vision of both democracy and the common market. Neither can function nor be sustained unless everyone is treated equally without favouritism or discrimination. This also implies that reaching the ideal of ethical universalism must be seen by all members as a permanent aspiration. Ethical universalism does not come naturally, but can sometimes be developed as a side effect or even a main effect of modernization and democratization. Creating a fair society which engenders trust needs to be an overarching goal of public policy. The United Nations Convention against Corruption, endorsed by the European Union as well as by roughly 140 other countries of the world also focuses on ethical universalism, avoiding any definition of corruption at all.

Yet the connection is seldom made between such policies and the narrower repression of corruption, which falls within the field of Home Affairs. An organization called Global Integrity (www.globalintegrity.org) invested in assessing national legal frameworks for enforcing public integrity. In just a few years they discovered that countries with the best integrity equipment are not the least corrupt – rather it is the other way around, in an illustration of the Latin saying *corruptissima re publica plurimae leges* (the most corrupt state has the most laws). Within Europe, Bulgaria, Romania and Macedonia rose to the top for Global Integrity precisely because they were required to develop comprehensive legislative frameworks at the request of the European Commission due to the requirements for accession to the EU.

Two common anticorruption strategies serve to illustrate the limitations of an approach based on legal repression alone. The first is the anticorruption agency, the leading institutional export to countries challenged by corruption. The second is a restrictive policy on political party financing.

Figure 18. ICRG Corruption before and after the introduction of ACA, EU 28



Source: ICRG & ANTICORRP database; own calculation. ICRG corruption score ranges from 0 to 6 with the highest value implying low corruption level.

Dedicated Anti-Corruption agency

The establishment of a dedicated anti-corruption agency (ACA) has been one of the main institutional recommendations at anti-corruption conventions to date. The international community became the major proponent of ACA's, persistently recommending their creation as an important element of a country's institutional architecture and its large-scale anti-corruption strategies. ACA's were promoted by numerous conventions on the control of corruption – UNCAC, the African Union Convention, the Inter-American Convention, the Convention of the Council of Europe – as well as by the EU during its enlargement process. Indeed, 18 EU Member States installed an ACA. Neither the presence of an ACA – captured by a dichotomous variable 1/0 – nor the number of years since its establishment are significantly associated with better control of corruption as measured by the corresponding World Bank governance indicator (Models 1 and 2, Table 1 in **Appendix 5**). In addition to the bivariate regressions, we illustrate the evolution of corruption scores before and after the installation of an ACA in the respective country for our sample of 28 EU MS (**Figure 18**). For this exercise we used the corruption indicator from the International Country Risk Guide (ICRG) because it has been available for a longer period than either the World Bank's measure or, for that matter, any other. The line in **Figure 18** shows the averaged values of the ICRG scores from 5 years before an ACA came into force up to 5 years following its enactment.[27] Not only has there been no improvement in averaged control of corruption after the introduction

[27] The graph was produced using the xtgraph command in STATA, showing averages of a single outcome (ICRG scores) measured at several points over time. Standard errors and confidence intervals are calculated separately for every time point, using the t-distribution.

of an ACA, but the overall trend in the relevant period slopes downward.

That is not to say that anticorruption prosecution cannot be effective. Indeed it can, as Italy has shown through its famous *mani pulite* campaign. The question is, however, not only how to render prosecution more effective, but how to secure evolution from particularism to ethical universalism, which Italy's strong repressive approach to corruption has so far failed to deliver. However, the European Commission's first anticorruption report quotes other examples of success. It cites the Slovenian agency – but that is a prevention commission, not a typical ACA by the definition of OECD,[28] and its main success was in fiscal transparency. The active Romanian agency features too, for arresting top politicians amidst accusations of political manipulation;[29] nor is the Spanish agency overlooked. However, in none of those countries have corruption scores improved (as they have by contrast in Estonia, for example) in the period since the agency has been active. Scores for control of corruption in Slovenia and Spain have actually deteriorated slightly over the last decade. However, if an anti-corruption agency has strong prosecutorial powers the risk of political abuse or retaliation against the judiciary from executive or legislative power is serious (Maegher 2005).

Restrictions on the financing of political parties and candidates

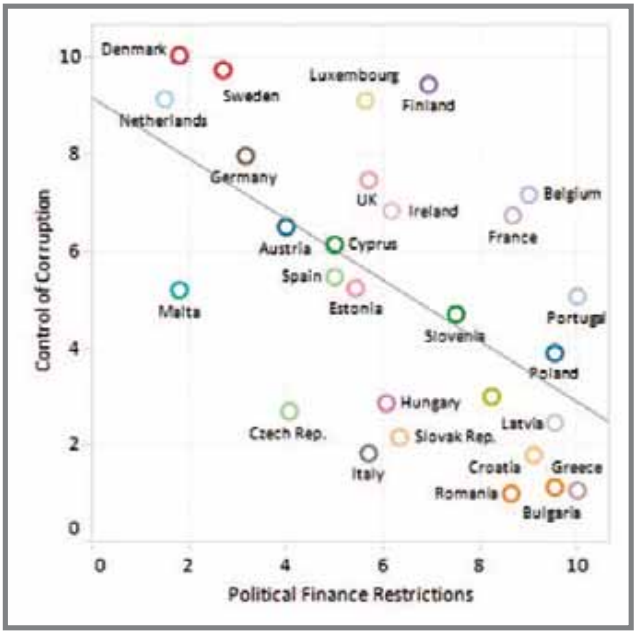
The chapters devoted to each country in the recent EU Anti-Corruption report (European Commission 2014) focus particular attention on legislation of the financing of political parties. All over the world political parties suffer from a bad reputation for corruption, and according to the last issue of the Global Corruption Barometer (2013), in 51 of 107 countries people perceive political parties to be the most affected by corruption. In fact, countries where parties are not ranked at the top of lists of corrupt organizations are generally not democracies. In European countries, GRECO, an intergovernmental network of Council of Europe member states, has long been active in advocating reform of political parties.

To understand why political finance is one of the areas most vulnerable to corruption even in the most advanced democracies like Germany or the United States, it is again very useful to consider contexts of governance. Especially in young democracies, parties represent organizations with the explicit goal of capturing power. As classic corruption author Michael Johnston (2006) argues, in very advanced societies corruption takes the form of market favours, as lobbyists compete to get laws enacted that will suit their interests. But in most societies, beyond the small group of developed countries clustered at the top of the most advanced third in the corruption rankings, public jobs – not only political jobs, but most public sector jobs of any sort – go to whoever wins elections, as does the bulk of public resources (Mungiu-Pippidi 2006). Politics in most places is inherently particularistic, with supporters of the winning party considering themselves more entitled to collect the 'spoils' than supporters of the losing parties, a game of 'who gets what…' (Laswell 1950). Businesses fund political parties with the object of obtaining favours in the form of preferential laws, concessions or public contracts, although in a particularistic context the discretion of parties in government goes far beyond even that. Subnational transfers as well as public contracts are allocated on certain particular grounds, and administrative resources are widely used for personal interest. The capital fuelling political corruption does not consist only of the bribes (commissions or 'kickbacks') that a businessman might offer to a politician, but includes practically all of such public resources as may be used discretionarily, in a particularistic way, both the 'return' part as well as the 'inducement' part of private-public trespassing (Scott 1972; della Porta and Vanucci 1999). But policies meant to clean up the financing of politics always refer only to the tiny area of official party income. The obvious question is, can the rules of the game be changed from such a narrow perspective?

To answer the question, we used updated data from the Political Finance Database provided by the International Institute for Democracy and Electoral Assistance (IDEA) to compile a score that captures political finance regulations (PF score). The IDEA database lists specific indicators which cover legal practices of the private and public funding to political parties and candidates, including restrictions on spending, requirements for reporting and oversight, as well as sanctions. Our score is an average of the dichotomous variables (1/0) that capture whether such regulations are in place or not, and the higher the score the stricter the legal framework for the financing of politics. As demonstrated by Model 3 (**Table 1** in **Appendix 5**) and **Figure 19**, the relationship between PF score and control of corruption is negative, indicating either that the more restrictions a country has on political financing the more corrupt it is or vice versa. Indeed, the post-communist EU member states Latvia, Bulgaria and Croatia,

[28] http://www.oecd.org/corruption/acn/39971975.pdf
[29] https://freedomhouse.org/report/nations-transit/2015/romania

Figure 19. Control of corruption and political finance restrictions (2012)



Source: Worldwide Governance Indicators, Control of Corruption & International Institute for Democracy and Electoral Assistance (IDEA), Political Finance Database, own calculation.

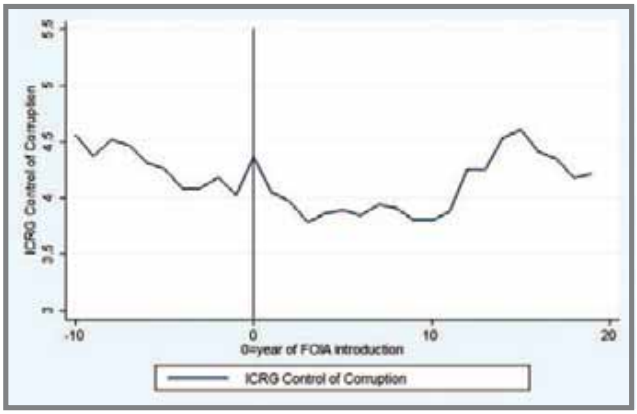
along with Greece, have very tight formal regulation of political financing but at the same time low scores for their control of corruption. On the other hand, we can see that the Netherlands and Denmark demand a very low degree of regulation but enjoy better control of corruption. The answer to our question is therefore a negative, as expected, confirming that in contexts of particularism increased restrictions on political finance do not improve control of political corruption.

Transparency

Proponents of 'good governance' strategies, thinking more broadly than simply of anticorruption, advance the idea that transparency is the solution to the problem. For instance, it might be that transparency can allow for resource allocation to be checked by watchful citizens. Therefore the next instrument we tested was the implementation of the Freedom of Information Acts (FOIA's). The common definition of a FOIA is that 'it has to be a law in the strict sense, it must include the right of access to information, this right has to be enforceable and there must be complaint court and high court appeal possibilities' (Vleugels 2012, p. 2). That is, although FOIA's might differ in detail across countries, they share essential procedural and enforcement features. Today, almost every EU member state (exceptions being Luxembourg and Cyprus) has specific laws guaranteeing FOI and in many member states FOI is specified as a constitutional right.[30] Given that there is no variation in the presence of FOIA's across countries in our sample, testing the relationship between the presence of one and control of corruption in a cross-national regression is useless. However, we can make use of the fact that countries introduced FOIA's at different times and, in a similar way to the exercise for **Figure 18** above, we can trace the development of control of corruption before and after the implementation of FOIA's (see **Figure 20**). In contrast to ACA's, most of which were enacted at the turn of the millennium, implementation of FOIA's is much less concentrated over time, so our investigation period covers a longer period. As can be seen in **Figure 20**, it is unfortunate that introduction of FOIA's too is not associated with a significant change in control of corruption.

But a FOIA is only a basic framework, unlike an ACA or party financing rules. Far more is needed for transparency to be properly established, so to deepen our test we next looked at financial disclosure regulations. They are regulations requiring that the incomes, assets, and financial interests of public officials be publicly disclosed to prevent and detect the abuse of public office for private gain. Such regulations also comprise protective measures which are focused on preventing and remedying conflicts of interest between an official's employment responsibilities and private financial interests. Using the Public Accountability Mechanisms (PAM) framework initiated by the World Bank, we first updated and extended to all EU 28 Member States the indicators

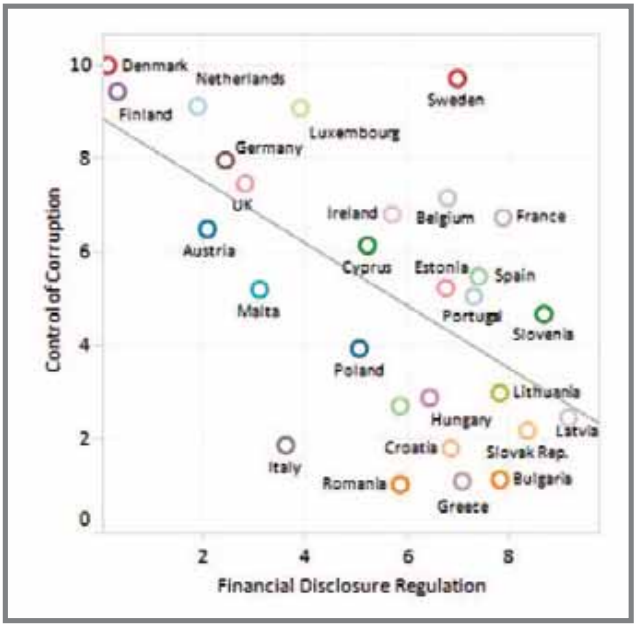
Figure 20. ICRG Corruption before and after the introduction of FOIA in the EU 28



Source: ICRG & ANTICORRP database; own calculation. ICRG corruption score ranges from 0 to 6 with the highest value implying low corruption level.

[30] List of countries which implemented FOIA with corresponding laws are available, e.g, on http://www.right2info.org/laws#section-70, and in Vleugels 2012. According to these sources Luxembourg and Cyprus have draft proposals for corresponding laws which have not come into power yet.

Figure 21. Control of corruption and financial disclosure requirements (2012)



Source: Worldwide Governance Indicators, Control of Corruption & World Bank, Public Accountability Mechanisms (PAM), own calculation.

of financial disclosure requirements. Similarly to the political finance score, we then constructed an aggregate score (FD score) for financial disclosure requirements of public officials. 'Officials' includes Heads of State, members of Cabinets, Members of Parliament, and civil servants. As before, the relationship between formal regulation and control of corruption is negative (**Figure 21** and **Model 4**, **Table 1**, **Appendix 5**). Countries with stricter regulation of financial disclosure are mostly from Eastern Europe (in particular, Latvia and Slovakia), whereas in Finland and, once again, Denmark there are almost no formal rules governing financial disclosure. But here we find important outliers. Sweden, for instance, which is known for its practice of making tax payments and private incomes publicly available, has a correspondingly relatively high FD score and, together with Denmark, the highest values for control of corruption. And in a larger, global sample from which we eliminated developed countries, we found evidence that in countries with World Bank scores lower than the upper third for the rule of law (closely correlated with the WB control of corruption score) the disclosures actually seem to work better.

Finally, the third instrument we tested related to transparency in this context was a dummy variable that captured the presence of a 'Citizens' Budget'. This variable indicates whether a simplified version of the Executive's Budget Proposal or the Enacted Budget was publicly available and released at the same time as the Executive's Budget Proposal, or the Enacted Budget. It is a category in the so-called Open Budget Index (OBI) that measures the overall extent and quality of accessibility to the public of a central government's budget at the different stages of its implementation, from draft proposal to audit reports. Unfortunately, the whole detailed index is available for only 14 EU Member States. In a global sample, the Open Budget Index shows a very strong positive correlation with control of corruption, indicating that fiscal transparency works. However, by focusing only on Citizens' Budget such as we were able to update for the other 14 EU Member States but which are not in the OBI dataset (i.e. without measuring the quality of the information available as the OBI does it) and simply capturing the presence of a Citizens' Budget, we did indeed obtain a significantly positive relationship with control of corruption (**Model 5**, **Table 1**, **Appendix 5**). In the EU as well as globally, fiscal transparency therefore seems a promising avenue for corruption control.

In sum, the lack of effectiveness of the tested anti-corruption measures (Anti-Corruption Agency, regulations on political financing and financial disclosure) has led to some important partial conclusions:

1. Countries in Europe which have achieved effective control of corruption have managed it by means other than strict legislative or repressive approaches.[31]
2. Governance contexts – the rules of the game that shape social allocation in a society – are complexes of factors. Even if certain factors like fiscal transparency seem significant, we must better understand the entire empowerment complex governing the control of corruption. It is unlikely that any single institution or tool can ensure evolution from particularism to ethical universalism.

This more complex framework we have developed and tested in our previous work. We have re-constructed it here as it applies to the EU-28.

Evidence-based good governance tools

As many studies in the field suggest, establishing effective control of corruption requires much more

[31] It should be noted, however, that our measures above simply capture the presence of the respective anti-corruption policy without taking into account country-specific peculiarities of these instruments. In particular, our analysis does not contain any information about their actual effectiveness and enforcement of the rules resulting from these instruments. In this context, the results can also be seen as a support for the existence of a "gap" between adoption of a legal framework and its actual implementation. See, e.g., Lambsdorff (2008) for an assessment of discrepancy between an aggregate index on anti-corruption legal framework and the actual practice, which was used for Global Integrity reports mentioned at the beginning of this section.

than the adoption of specific institutions to negate the peculiarities of the local environment. It is rather an outcome of a complex mechanism which must include many economic, political and social factors. The bottom line is that control of corruption, as well as the rule of law with which it overlaps widely (the correlation between the two World Bank governance indicators measuring each is around 90%) reflects a certain balance of power in society. Trust in government reflects the sustainable equilibrium seen in societies where public constraints are sufficient to prevent any given group of individuals from despoiling the public resources for private benefit – and those individuals know it, so that such attempts are rare. Such constraints do not mean only effective enforcement of the law. In corrupt countries, the police, judges and anyone with any sort of official power profits from such power by receiving more than their fair share of public resources, whether through privilege or bribery. Effective constraints mean, more broadly, that power is sufficiently dispersed, with clear rules and taxpayers who have the power to punish misuse of advantage. More specifically, in our previous work (Mungiu-Pippidi et al. 2011, Mungiu-Pippidi 2015) we have proposed a model that explains corruption at national level as equilibrium between available resources and constraints imposed both by the state and society, based on a long tradition of approaching corruption as equilibrium (Becker 1968; Klitgaard 1988; Rose-Ackermann 1999). According to that model, control of corruption can be formalized as:

Control of Corruption = Constraints (Legal + Normative) – Resources (Power discretion + Material resources)

Factors can be described as follows:

Under opportunities or resources:

- Discretionary power resources, which includes abuse of authority by both elected officials and bureaucrats, are due not only to monopoly, but also to privileged access under power arrangements other than monopoly or oligopoly (e.g. cartels), poor quality of regulation or over-regulation or any factors which enhance administrative and political discretion.
- Material resources easily available and fit for discretionary use, such as foreign aid, EU structural funds, natural resources (the 'resource curse', as it is known in the literature), public sector employment, use of preferential legislation to influence markets (Johnston 2006), unaccounted extra-budgetary funds and any other resources that can be turned into spoils or can generate rents.

Under deterrents or constraints:

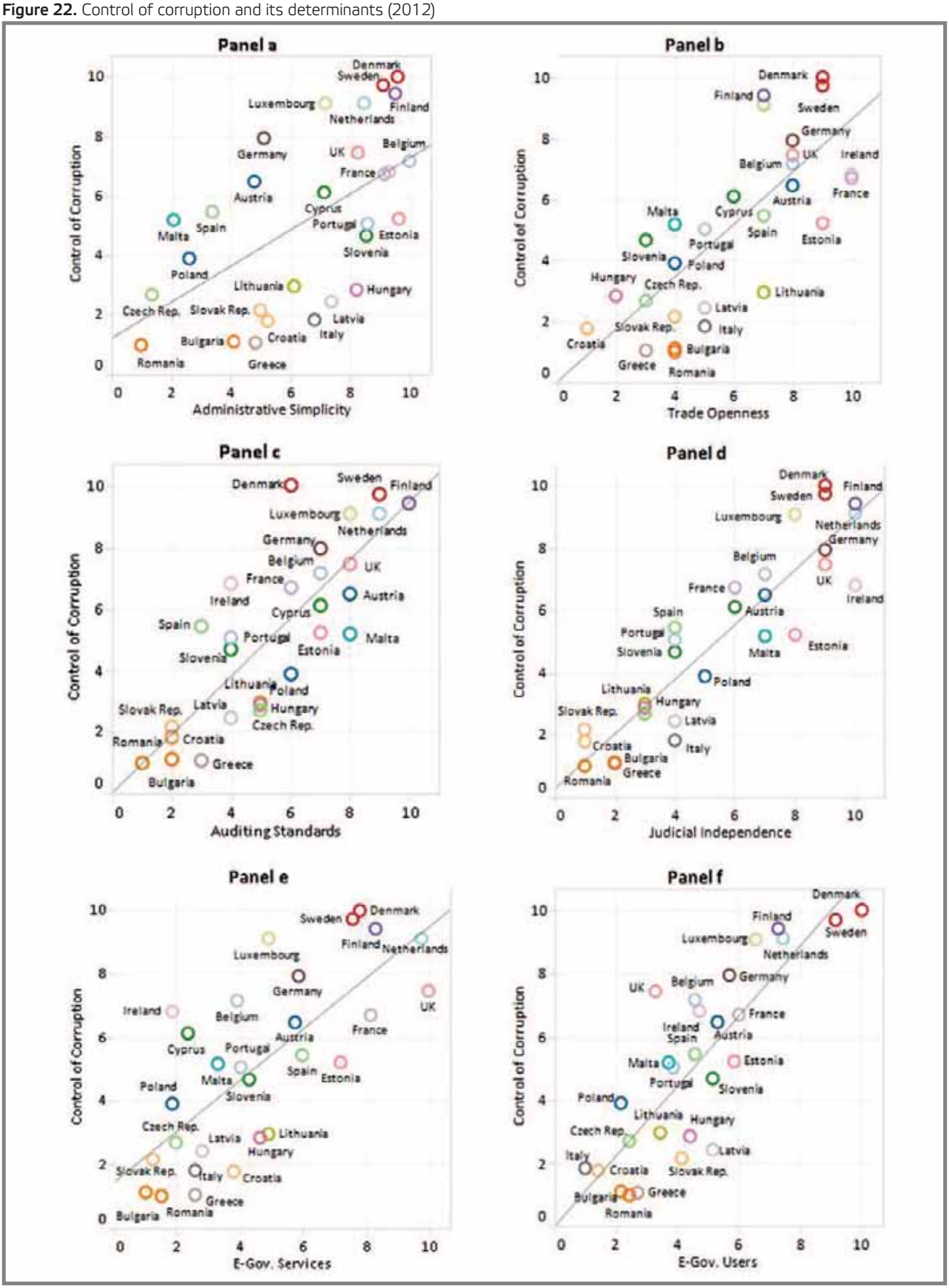
- Legal constraints, assuming an autonomous, accountable, and effective judiciary able to enforce sound legislation and the audit capacity able to monitor soundness of economic activity and its integrity independently from political power.
- Normative constraints, which implies that existing societal norms endorse public integrity and monitor deviations from that norm permanently and effectively, through things like public opinion, media, civil society, critical citizens/voters. For effective sanctions there must be a population of autonomous and critical citizens capable of collective action, not a mass of dependent subjects merely conforming to the corrupt rules of the game.

This equilibrium formula was tested empirically on a large number of countries using different measures of corruption (Mungiu-Pippidi 2014, Mungiu-Pippidi 2015). A basic model and its components are shown here to illustrate the main significant determinants of control of corruption for the EU-28 sample, in other words, the complex of factors inhibiting particularism, discussed above. Those determinants are then built into one single composite indicator that can be used to assess the overall level of public integrity in the respective country. In addition to a sound theoretical foundation, the indicator has other advantages when compared with other existing measurements of governance. First, instead of using data based on perception, it relies on mostly objective and tractable components, and thus offers clear policy guidance. Second, it can be used for comparisons across countries and over time. Finally its construction follows a relatively simple and transparent methodology.

Figure 22 presents bivariate relationships between the World Bank's measure for control of corruption and six different indicators which capture various dimensions of constraints and resources in the above equilibrium formula.[32] In addition to these illustrative scatter-plots, Table 2 in **Appendix 5** presents simple regression results in which the influence of the respective indicator of control of corruption has been tested and its statistical relevance proved. The regressions control for the level of socio-economic development making sure that we are not measuring some indirect effect of differences in the level of development across EU Member States. The proxy we used for development is the Human Development

[32] We also tested these relationships using alternative measures on corruption such as, for example, CPI from Transparency International or the ICRG corruption scores. The results are consistent and highly significant.

Figure 22. Control of corruption and its determinants (2012)



Source: WGI (Control of Corruption), Ease of Doing Business Index (Administrative Burden; Trade Openness), Global Competitiveness Report (Auditing Standards, Judicial Independence), UN E-Government survey (E-Government Services), Eurostat (E-Government Users); own calculation.

Index (HDI) which comprises measures of education, life expectancy and income. In **Figure 22** as well as for the regressions we used 2012 as the reference year for all observations.

The factors that determine the enforcement of public integrity are:

1. *Red tape*. Excessive administrative burden and regulations open doors to discretion and red tape which results in a high risk of corruption. Captured by the number of procedures and the time needed to start a business and pay business tax, our measure of **administrative simplicity** therefore refers to the extent of bureaucratic regulation of *domestic* entrepreneurial activity and is indeed significantly and strongly associated with control of corruption (panel a, **Figure 22**). In particular, Romania and the Czech Republic perform relatively poorly in this dimension, and Denmark, Belgium, and Estonia relatively well.
2. *Trade barriers*. Although strongly correlated, the extent of regulation of a country's *external* economic activity does not necessarily overlap with the extent of bureaucratic regulation of *domestic* entrepreneurial activity. However, we obtain the same relationship between control of corruption and de *jure* **trade openness** as measured by the number of documents and the time required for import and export (panel b, **Figure 22**). Open countries control corruption better, eliminating room for discretion at the level of administrative trade barriers and thus allowing free competition. In this dimension, Croatia, Hungary, Greece are the countries with the most regulation; Ireland and France have the least.
3. *Transparency and e-government.* Transparency is a key instrument for reducing administrative discretion. High penetration rates of electronic public services are strongly associated with a high degree of control of corruption as shown by panel e in **Figure 22**. The United Kingdom and the Netherlands perform best according to the **E-Government Services** measure from the United Nations E-Government survey, which is based on screening and assessment of national websites, e-services portals, and the websites of the ministries of education, health, labour, social services, and the environment.
4. *Audit capacity*. On the other hand, high standards of **auditing and accounting** practice ensure private-sector transparency and integrity. A measure of its effectiveness from the World Economic Forum Global Competitiveness Index strongly correlates with control of corruption (panel c). Finland and the Netherlands are the countries with the highest respective standards in Europe. In Romania, Croatia the standards seem to be very low, as they do in Italy too.
5. *An independent and non-corrupt judiciary*. Impartiality and independence in the overall judicial system constitute legal constraints and so are key elements of effective control of corruption. That is confirmed by the scatter plot in panel d, which shows a strong positive association between the measure of **judicial independence** taken from the Global Competitiveness Index and control of corruption. Romania, Croatia, and surprisingly Slovakia too perform worst among the Member States according to this variable.
6. *Engaged citizens*. Transparency tools work best if they are used in a society with a strong capacity for collective action. In other words and by the logic of normative constraints, social accountability exercised by a general population of autonomous and critical citizens can amplify transparency effects in combating corruption. In our previous work (Mungiu-Pippidi 2014), we showed that control of corruption is significantly better in countries with a large number of civil society organizations and with more citizens engaged in voluntary activities. For instance, the existence of a law of freedom of information is not a significant determinant of good governance, but becomes significant when combined with civil society, because its activity (information requests, litigations) helps the law enact real transparency. There is no up-to-date data on voluntary activity for the EU-28. To proxy the concept of engaged citizens, we used the percentage of individuals who have been using e-services to interact actively with public authorities (**E-Government Users**). That variable is supposed to complement the E-Government Service indicator (illustrated in panel e) because it captures the actual demand for e-government and transparency by the general population. The corresponding data stems from the Eurostat database. Panel f in **Figure 22** shows its significant relationship with control of corruption. Note that the relationship holds good (as do all the others) even if we control for level of development.

Combining all 6 measures, we obtain one **single aggregate index** that can be used to assess a country's overall **level of public integrity** (**index of public integrity**, or **IPI**). In particular, we proceeded as follows. To obtain the indexes presented in **Figure 22**, we first standardized the raw data to equalize the mean values and standard variations of the respective variables thereby making their units comparable. That is, the so-called z-scores for every variable

were constructed to avoid allowing the composite index (IPI) to depend too strongly on the component with greatest dispersion. In cases where a component consists of sub-components, the same procedure was applied at the disaggregated level and then a simple mean of the z-scores of the sub-components was calculated to obtain the values of the respective component. For example, the index of administrative simplicity is a simple mean of z-scores of the number of procedures and time required to start a business and pay corporation tax. In the next step, the standardized values of each component are normalized to be in the range between 1 and 10 using the common min-max-transformation. The overall IPI was finally derived by taking the arithmetic average of the six indexes.[33]

The IPI shows the capacity of a country to control corruption and enforce the norm of integrity at both

Table 13. EU-28 by strength of integrity framework (2014)

	Index of public Integrity	Administrative Simplicity	Trade Openness	Auditing Standards	Judicial Independence	E-Gov. Services	E-Gov. Users	Change IPI 2014-2012
EU Average	**5.71**	**6.33**	**5.86**	**5.90**	**5.00**	**5.76**	**5.45**	**0.29**
Central & Eastern	**4.27**	**5.31**	**3.86**	**3.86**	**3.76**	**4.38**	**4.46**	**0.40**
Bulgaria	2.38	2.75	3.20	1.15	3.83	1.00	2.38	-0.06
Croatia	2.64	4.04	1.00	2.87	1.26	3.69	3.00	0.18
Czech Republic	3.22	1.14	2.88	4.36	3.97	2.58	4.38	0.46
Estonia	7.83	9.98	9.24	8.12	6.45	7.31	5.88	0.05
Hungary	4.84	7.25	1.13	4.72	5.25	4.80	5.88	0.17
Latvia	5.93	7.71	5.30	4.65	4.94	6.47	6.50	1.26
Lithuania	5.78	8.59	6.37	3.90	3.84	7.12	4.88	0.97
Poland	3.71	2.44	4.13	4.86	3.84	4.62	2.38	0.15
Romania	2.60	2.70	3.68	3.51	1.27	3.41	1.00	0.77
Slovakia	3.84	3.21	3.25	1.00	5.26	3.97	6.38	0.93
Slovenia	4.19	8.61	2.25	3.28	1.40	3.23	6.38	-0.44
Northern	**8.60**	**9.50**	**8.45**	**9.36**	**8.02**	**6.60**	**9.71**	**-0.09**
Denmark	8.49	9.52	9.24	9.89	6.30	6.01	10.00	-0.09
Finland	8.88	9.67	6.92	10.00	10.00	7.31	9.38	0.22
Sweden	8.44	9.31	9.18	8.20	7.75	6.47	9.75	-0.39
Southern	**4.74**	**5.09**	**5.11**	**4.62**	**3.43**	**5.70**	**4.48**	**0.43**
Cyprus	4.77	4.46	5.60	5.60	4.16	3.78	5.00	-0.28
Greece	4.34	7.18	3.44	3.92	1.51	5.36	4.63	1.49
Italy	4.12	5.59	5.08	3.67	1.00	7.03	2.38	0.63
Malta	4.39	1.00	4.11	5.91	7.77	2.95	4.63	-0.30
Portugal	5.71	8.87	5.38	5.66	4.03	5.73	4.63	0.69
Spain	5.09	3.43	7.06	2.97	2.13	9.35	5.63	0.34
Western	**7.35**	**7.49**	**8.19**	**8.36**	**6.76**	**7.38**	**5.94**	**0.17**
Austria	6.50	3.60	7.75	7.09	6.91	7.03	6.63	0.14
Belgium	7.16	9.72	7.43	8.12	6.13	6.20	5.38	0.46
France	7.89	9.05	9.44	6.66	6.33	10.00	5.88	0.38
Germany	6.60	4.37	7.61	8.57	6.57	6.10	6.38	-0.18
Ireland	7.39	9.71	10.00	9.39	3.67	6.20	5.38	0.89
Luxembourg	6.87	5.34	7.11	8.81	9.06	5.55	5.38	-0.2
Netherlands	8.66	10.00	8.17	9.00	7.99	9.16	7.63	-0.03
United Kingdom	7.74	8.13	7.99	9.23	7.45	8.79	4.88	-0.14

Source: Ease of Doing Business Index (Administrative Burden; Trade Openness), Global Competitiveness Report (Auditing Standards, Judicial Independence), UN E-Government survey 2012 (E-Gov Services), Eurostat (E-Gov Users); own calculation. Numbers in bold are regional averages.

[33] We also used a principal component analysis to build the aggregate index. The first principal component of our six indexes explained around 65% of the variation in the data and was the only one with an eigenvalue of larger than one. This variable was highly correlated with the simple mean value and did not affect the ranking of countries. For the sake of simplicity and especially for better intuitive explanation, we therefore stick to the simple averaging as the aggregation method of the components

state and society level. This index not only correlates closely with the World Bank's measure of control of corruption (which is not surprising given the selection process of the components) but also with a number of other corruption indicators (**Table 3**, **Appendix 5**). The created index of public integrity can therefore also explain public trust to a great extent. In contrast to the perception-based measures of governance, our indicator allows us to trace a country's performance back to specific actionable components which can help policy makers to identify areas of reform that will yield improvement.

Table 13 lists all 28 EU Member States with their aggregate public integrity scores (IPI) and the values of their respective components **for 2014**.[34] Finland has the highest aggregate score closely followed by the Netherlands, Denmark and Sweden. The group of countries at the bottom is dominated by the Eastern European Countries, which face the most serious problems in their governance. **Table 13** also contains information about the absolute change in the value of IPI between 2014 and 2012 (see Table 4 in **Appendix 5** for all values in 2012). Most notably, Greece shows the highest improvement in the IPI score between the two observation points, which seems to indicate that reforms prompted by the crisis, domestic demand and external conditionality have pushed Greece in the right direction by 2014.

[34] The scatter plots in Figure 22 could not be done for 2014 as the WGI measure on control of corruption is not available for this year yet.

Conclusions

This report investigated the nexus between good governance, political trust and public integrity. The lessons learned from the review of evidence go beyond both survey figures and institutional fixtures, and can be summed up rather as revealing more general prerequisites of policies which would help to restore political trust in Europe. We offer five of them.

1. Evidence-based integrity policies are not only desirable, but within reach

The first lesson is that trust and public integrity are concrete social realities which are resilient and can be captured, understood and explained with a reasonable degree of precision. If the Eurobarometer surveys commissioned by the DG Home find a majority of Europeans believing that corruption is a major problem in their countries, while in standard Eurobarometer surveys corruption does not even appear on the list of the top ten problems, that is because neither the interest of policymakers in such matters nor the professionalism of surveys are sufficiently constant. When the Council of the European Union (2014) notes its concern that "although for a long time there has been a high political commitment to tackle corruption within the EU and a number of policies and measures have been gradually put in place, corrupt practices still pose a challenge throughout the EU" the conclusion is inescapable that in the absence of evidence-based policy commitment alone is insufficient. However, it is undeniable that in contrast to how things stood only a few years ago, the science of governance is no longer too under-developed to be able to provide evidence on which to base accurate examination of integrity and trust building policies. This report then, offers a significant selection of objective and evidence-based tools for measuring integrity.

2. Diversity of contexts calls for multiplicity, not uniformity of solutions

The second lesson concerns the great variety of both the problems and solutions within the European Union. While public integrity and ethical universalism remain an ideal nowhere achieved in full, the distance from the reaching of such benchmarks varies enormously across the enlarged European Union, where the fact of "new" or "old" membership is no longer a reliable predictor of differences in the quality of governance. The political union currently accommodates member states with great differences in economic and institutional development. Some present problems nearly similar to those of developing countries, while others lead the world where governance is concerned. Progress should be conceived not as the achievement of some sort of uniformity in institutional design, which would of course be unable to solve problems in such different contexts, but rather as a gradual catching up in institutional performance or governance standards, which can be achieved only by tailor-made national strategies. The same applies to the European institutions, which should be seen as if it were the 29th element of the EU with its own specific governance problems and solutions.

3. Intelligent societies prevent corruption before it happens

European states with the best control of corruption are those countries which score highest for transparency. When surveillance instruments have multiplied exponentially in the age of sophisticated IT and big data, the best way to preserve trust and integrity is to remove opportunities for corruption and to enact policies designed to avoid any situations in which infringements might arise and require sanction. Once a country – such as Italy, for example – has widespread corruption even the most advanced repression in the world can no longer repair and completely restore good governance. Surveillance by government agencies might indeed be indispensable, but the use of it is no proper way to gain trust; that is a job for surveillance by the citizens themselves. New technology should be recruited to allow complete transparency in fiscal matters and the monitoring of governments by their own citizens. "Digital citizens" are a hitherto untapped force for good governance, able to protect common resources at low cost to the state and ideally placed to help enforce public integrity.

4. Target the real countries, not the legal countries

An old Latin saying warns us that the most corrupt republic is the one with the most laws. Within the EU, the "legal space" *par excellence*, there exists a temptation to overestimate the power of the law and of formal institutions in the face of informal practices. We find that countries which deal best with trust and integrity have less regulation, far less red tape and far more of the normative constraints personified by critical citizens and media. The monitoring of integrity, as well as responses to it, must target practices and norms rather than regulation alone. If corruption is a problem in a country, informality too is a problem, for the two go together. EU funds come with the most restrictive rules in the world, but still we find that in many member states and sometimes even in the European institutions such funds are distributed non-competitively. The monitoring and management

of ethical universalism must pay attention to actual outcomes of enforced merit and the distribution of public resources, rather than to the rules alone of individual integrity. Good governance policies must address and seek to influence the real rules of the game in social allocation contexts.

5. Politicians matter more than civil servants in redressing trust

Despite "austerity", public institutions in the EU struggle to deliver services equitably and efficiently, although at least their efforts are seen in a more kindly light than are the actions of politicians. The current crisis in trust was to a certain extent brought about by the contrast between the demands of austerity laid upon citizens and the self-serving behaviour and flouting of rules engaged in by politicians. But a residual symbolic area will remain, even after all administrative and digital policies are enacted. A time of austerity requires politicians of austerity. A change of image among EU politicians, to be more like those of countries where trust is high and who fly economy class and cycle to the office, would do much to restore trust. Hard times are easier to bear when governments make shift to share the burdens that weigh upon on the governed.

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Appendixes

Appendix 1. Variables and sources of data used in this report

Name	Definition and Measurement	Source	Year
Administrative Simplicity	Extent of administrative regulations of domestic entrepreneurial activities. It is measured as simple mean of standardized values (z-scores) of: – number of procedures required to start up a business – time needed to start up a business – number of tax payments per year – time to pay taxes. The index is normalized with min-max method to fall in range 1 (lowest) to 10 (highest level of simplicity).	Doing Business Dataset by World Bank; own calculation	2012, 2014
ACA (presence)	A binary index that captures the presence of an Anti-corruption Agency (ACA)	Hertie School of Governance; ERCAS Dataset	2012
ACA (years)	Number of years since the establishment of an ACA	Hertie School of Governance; ERCAS Dataset	2012
Auditing Standards	Standards on auditing and accounting practices to ensure private-sector transparency and integrity. The values are standardized (z-scores) and then normalized with min-max method to fall in range 1 (lowest) to 10 (highest level of standards).	World Economic Forum Global Competitiveness Dataset; own calculation	2012, 2014
Brain Drain / talent retention	Weighted average of the answers to the question „Does your country retain talented people? [1 = the best and brightest leave to pursue opportunities in other countries; 7 = the best and brightest stay and pursue opportunities in the country]"	Global Competitiveness Report	2012
Citizens Budget	A binary index that captures public availability of Executive's Budget Proposal; category in the Open Budget Index (OBI)	Open Budget Survey / The International Budget Partnership; ERCAS Dataset	2012
Civil Society Organisation	Data on the number of civil society organizations from CIVICUS, a global network of civil society organizations active in the area of social and economic development. Civil Society Organisation per 1 000 inhabitants	Quality of Government Database	2012
Corruption by Civil Servants	Perception how corrupt public servants are	Eurobarometer (68.2/2008 (QB2); 72.2/2009 (QB2); 76.1/2011 (QC4); 79.1/2013 (QB7), Exact Survey Question: "Do you think that the giving and taking of bribes and the abuse of power for personal gain are widespread among any of the following: Officials awarding public tenders, Officials issuing permits, Officials issuing business permits, Inspectors" (Scale: 0-1)	2008, 2009, 2011, 2013
Control of Corruption	Perceptions of extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as "capture" of the state by elites and private interests. The index is built by factor analysis from subjective individual assessments in original scale. The original index is ranged from -2.5 (least) to 2.5 (most control of corruption); the rescaled one is normalized with min-max-method to fall in range 1 (least) to 10 (most control).	Worldwide Governance Indicators, World Bank	1996-2013
Corruption ICRG	Expert based assessment of corruption in political system including administrative and political corruption; range 0 (most) -6 (least corrupt).	International Country Risk Guide, Political Risk Services	1984-2011

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Name	Definition and Measurement	Source	Year
Corruption Perception Index (CPI)	A composite index of perceptions of corruption in public. It is based on a combination of surveys and assessments of corruption, collected by a variety of institutions.; range 0 (most) -100 (least corrupt).	Transparency International	2012, 2013
Corruption victimization	Self-reported solicitation of bribes from an authority holder. Variable is the percent of people who have been asked to pay a bribe.	Eurobarometer (68.2/2008 (QB3); 72.2/2009 (QB3); 76.1/2011 (QC5); 79.1/2013 (QB12), Exact Survey question: "Over the last 12 months, has anyone in your country asked you, or expected you, to pay a bribe for his or her services?" (Scale: 0-1)	2008, 2009, 2011, 2013
E-Government Services	Scope and the quality of public online service deliveries including the use of e-government to provide information and services to citizens and also capturing the concepts of 'open government data', e-procurement, mobile government. Standardized values (z-score) of the Online Service Index, which is based on screening and assessment of national websites, e-services portals, websites of ministries of education, health, labour, social services, and environment. The index is then normalized with min-max method to fall in range 1 (lowest) to 10 (highest level of e-services).	UN E-Government Survey; own calculation	2012, 2014
E-Government Users	Citizens usage and demand for e-government. Standardized values (z-score) of % of individuals obtaining information from public authorities web sites. The index is then normalized with min-max method to fall in range 1(lowest) to 10 (highest level of e-usage).	EUROSTAT; own calculation	2012, 2014
Expenditure on R&D	Research and Development expenditure as % of GDP	World Bank Development Indicators	2012
Expenditure on Health	Public health expenditure as % of GDP	World Bank Development Indicators	2012
Experience of corruption	Self-reported behaviour of either witnessing or participating in an act of bribery, influence traffic or other forms of corruption	Eurobarometer (79.1, QB12), Exact Survey Question: "In the last 12 months, have you experienced any case of -corruption?" (Scale: 0-1)	2013
Favouritism	Administrative behaviour associated with particularism whereby the treatment of some citizens or businesses is different and more favourable than of others'. The antonyms are called in classic sociological literature impersonality, and in current one impartiality = they describe the administrative behaviour whereby individuals are treated similarly regarding of their particular background. Partiality leads to corruption because undue private profit is implicit on behalf of the receiver of the favour, but differs from its legal definitions whereas profit for the granter of favour is necessary	Eurobarometer 79.1 (QB15): Exact Survey Questions: "Please tell me whether you agree or disagree with each of the following: the only way to succeed in business is to have political connections" & "Please tell me whether you agree or disagree with each of the following: favouritism and corruption hampers business competition" (Scale: 1-4/totally agree-totally disagree) & Charron 2013, QOG survey, own calculations: Percent of People who believe that certain people are given advantages in these public services.	2013
Financial disclosure regulations (FD score)	Simple mean of binary indices (1-0) that capture In-law practices type and scope of disclosure requirements on public officials' income and assets; the score is normalied to fall in range 0 (lowest) -10 (highest degree of regulations)	Public Accountability Mechanisms (PAM) Initiative, World Bank; Hertie School of Governance ERCAS database; own calculation	2012
GDP	Gross domestic product at market prices	EUROSTAT	2008, 2013
Government effort in combating corruption	Percentage of respondents who agree or tend to agree with the following statement: "Government efforts to combat corruption are effective"	Eurobarometer (72.2/2009 (QB5); 76.1/2011 (QC7); 79.1/2013 (QB15): Please tell me whether you agree or disagree with the Governments' efforts to combat corruption are effective.	2009, 2011, 2012
Growth	% change over the previous year of Gross domestic product at market prices	EUROSTATS	2013
Innovation	Score from the Global Innovation Index	Global Innovation Index	2012

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Name	Definition and Measurement	Source	Year
Index of Public Integrity (IPI)	Measure to assess a country's overall public Integrity. see text for methodological details. Simple mean of: – Administrative simplicity – Trade openness – E-Government Services – E-Government Users – Judicial independence – Auditing standards	Hertie School of Governance ERCAS database	2012, 2014
Judicial Independence	Standardized value (z-score) of the "judicial independence" indicator from the Executive Opinion Survey that asks the question "To what extent is the judiciary in your country independent from influences of members of government, citizens, or firms? [1 = heavily influenced; 7 = entirely independent]. The index is normalized with min-max method to fall in range 1 (lowest) to 10 (highest level of independence).	World Economic Forum Global Competitiveness Dataset; own calculation	2012, 2014
Particularism	A particular governance context whereby allocation of public resources is based on particular, rather than universal grounds. Variables used: Public services more accessible through use of bribe and connections & Norm of merit versus discretion based advancement in public or private sector	Eurobarometer (79.1/2013 (QB12), Exact Survey questions: EB79.1 "Please tell me whether you agree or disagree with each of the following: bribing and the use of connections is often the easiest way to obtain certain public services" (Scale: 1-4/totally agree-totally disagree) & Charron (2013), QOG Survey: In business/the public sector most people can succeed if they are willing to work hard & Hard work is no guarantee of success in business/the public sector for most people. (Scale: 1-10/ Most people can succeed – hard work is no guarantee)	2013
Political corruption	Perception how corrupt elected officials are	Eurobarometer (68.2/2008 (QB2); 72.2/2009 (QB2); 76.1/2011 (QC4); 79.1/2013 (QB7), Exact Survey Question: "Do you think that the giving and taking of bribes and the abuse of power for personal gain are widespread among any of the following: Politicians" (Scale: 0-1)	2008, 2009, 2011, 2013
Political Finance Restrictions (PF score)	Simple mean of binary indices (1-0) that capture legal practices on private and public funding to political parties and candidates including restriction on their spending, requirements for reporting and oversight as well as sanctions; the score is normalied to fall in range 0 (lowest) -10 (highest degree of regulations)	Political Finance Database, the International Institute for Democracy and Electoral Assistance (IDEA); own calculations	2012
Religion	Share of protestant population in 1980.	Quality of Government Database	2012
Single bidding	% of public tenders decided with only one bidder	EU's Tenders Electronic Daily, data released by DG GROW of the European Commission (TED); own calculation	All years
Interpersonal (Social) trust	Trust among individuals	European Social Survey [Wave 4 (Question A8), 5 (Question A8) & 6 (Question A3)], Exact Survey Question: "Would you say that most people can be trusted, or that you can't be too careful in dealing with people" (Scale 0-10)	2008-2013 Not available for all 28 countries
Trade Openness	Extent of administrative regulations concerning a country's external economic activities. It is measured as simple mean of standardized values (z-scores) of: – total number of documents required to export and import – time for exporting and importing The index is normalized with min-max method to fall in range 1 (lowest) to 10 (highest level of openness).	Doing Business Dataset by World Bank; own calculation	2012, 2014

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Name	Definition and Measurement	Source	Year
Trust in government / public authorities (political trust) - EU - National - Sub-national	Trust directed towards different political organizations at EU level (EU, European Parliament & European Commisson), national and subnational levels. Percentage of people that trust in these institutions.	EU: Eurobarometer 70.1/2008 (QA12 & QA18); 71.3/2009 (QA9 & QA14); 73.4/2010 (QA14 & QA18); 76.3/2011 (QA10 & QA14); 77.3/2012 (QA13 & QA17); 79.3/2013 (QA12 & QA18); 80.1/2014 (QA9 & QA15): "Please tell me if you tend to trust it or tend not to trust: the European Union, the European Commission, the European Parliament". National & sub-national: Eurobarometer 70.1/2008 (QA12); 71.3/2009 (QA9); 73.4/2010 (QA14); 76.3/2011 (QA10); 77.3/2012 (QA13); 79.3/2013(QA12): "Please tell me if you tend to trust it or tend not to trust: Political Parties, the National Government, the National Parliament / Regional or local public authorities".	2008-2013
Unemployment	Unemployment rate %, annual average	EUROSTAT	2013
Urban population	Urban population as % of total population	World Bank Development Indicators	2013
Voter Turnout in Bulgaria	Voter turnout during general elections in Bulgaria	Central Election Commission	1991-2014

Appendix 2. Correlation matrix of trust variables (2008-2013)

		Polit. parties	Reg/local gov.	National gov.	National parl.	EU	EU parl.	EU Comm.	Interper. trust	Police
Polit. parties	Pearson Corr.	1								
	Sig. (2-tailed)									
	N	168								
Reg/local gov.	Pearson Corr.	.760**	1							
	Sig. (2-tailed)	0								
	N	168	168							
National gov.	Pearson Corr.	.886**	.797**	1						
	Sig. (2-tailed)	0	0							
	N	168	168	168						
National parl.	Pearson Corr.	.923**	.817**	.927**	1					
	Sig. (2-tailed)	0	0	0						
	N	168	168	168	168					
EU	Pearson Corr.	.298**	.307**	.360**	.261**	1				
	Sig. (2-tailed)	0	0	0	0.001					
	N	168	168	168	168	168				
EU parl.	Pearson Corr.	.448**	.438**	.512**	.464**	.897**	1			
	Sig. (2-tailed)	0	0	0	0	0				
	N	168	168	168	168	168	168			
EU Comm.	Pearson Corr.	.498**	.457**	.532**	.478**	.828**	.925**	1		
	Sig. (2-tailed)	0	0	0	0	0	0			
	N	168	168	168	168	168	168	168		
Interper. trust	Pearson Corr.	.618**	.496**	.539**	.637**	-0.075	0.109	0.183	1	
	Sig. (2-tailed)	0	0	0	0	0.491	0.313	0.091		
	N	87	87	87	87	87	87	87	87	
Police	Pearson Corr.	.804**	.788**	.745**	.807**	0.019	0.224	0.248	.514**	1
	Sig. (2-tailed)	0	0	0	0	0.924	0.251	0.203	0.006	
	N	28	28	28	28	28	28	28	27	28

*** Correlation is significant at the 0.01 level (2-tailed). Source: Eurobarometer 70.1/2008; 71.3/2009; 73.4/2010; 76.3/2011; 77.3/2012; 79.3/2013*

Factor analysis confirms that our trust variables measure three distinguished dimensions of trust (Table 4). In this model, three factors were extracted and varimax rotation 15was used. The first factor measures trust in political organizations of the state at the national level. The second factor represents trust in the EU and its two main formal institutions, the Parliament and the Commission. The third factor reflects interpersonal trust, measuring a form of trust that clearly differs from the first two dimensions. In each dimension, the variables have loadings greater than 0.60, which indicates good strength of the factors. This model also implies that a generalized view of trust exists within each particular dimension. For example, people see political parties, regional or local governments, national government and parliament as part of the same thing: organizations of the state. This confirms the findings of other empirical studies that political trust is a one-dimensional attitude, as citizens do not distinguish between different formal institutions. [1]

Dimensions of Trust (2008-2013)

Variables	Rotated Factor		
	1	2	3
Political Parties	***0.85***	0.23	0.33
Reg/Local Government	***0.86***	0.24	0.10
National Government	***0.87***	0.32	0.21
National Parliament	***0.90***	0.23	0.31
EU	0.16	***0.94***	-0.13
EU Parliament	0.30	***0.94***	0.03
EU Commission	0.28	***0.92***	0.14
Interpersonal Trust	0.44	-0.05	***0.89***
% of variance	62.8	23.5	5.6

[1] Mishler, W. and Rose, M. 2001. "What Are the Origins of Political Trust? Testing Institutional and Cultural Theories in Post- Communist Societies." Comparative Political Studies, 34: 30-62.; Hooghe, M. 2011. "Why There Is Basically Only One Form of Political Trust." *British Journal of Politics & International Relations*, 13: 269–275.

Appendix 3. Trust in public authorities to fight corruption (2013)

	Police	Judicial system	NGOs / other associations	Media	National Ombudsman	Member of Parliament	EU Institutions
EU Average	**51%**	**23%**	**8%**	**20%**	**19%**	**4%**	**5%**
Central & Eastern	**42%**	**13%**	**7%**	**24%**	**14%**	**2%**	**6%**
Bulgaria	36%	7%	6%	28%	10%	1%	4%
Croatia	34%	15%	17%	32%	8%	1%	9%
Czech Republic	49%	9%	12%	26%	26%	2%	3%
Estonia	54%	24%	3%	17%	12%	3%	6%
Hungary	37%	22%	10%	15%	21%	3%	7%
Latvia	28%	7%	5%	23%	14%	2%	8%
Lithuania	25%	11%	4%	28%	2%	2%	3%
Poland	53%	23%	3%	19%	13%	1%	4%
Romania	48%	12%	4%	20%	6%	2%	6%
Slovakia	53%	11%	9%	27%	16%	4%	5%
Slovenia	47%	8%	8%	25%	25%	1%	10%
Northern	**71%**	**42%**	**5%**	**25%**	**21%**	**6%**	**5%**
Denmark	74%	41%	4%	33%	24%	9%	6%
Finland	78%	29%	5%	11%	19%	4%	4%
Sweden	61%	57%	7%	29%	21%	5%	5%
Southern	**54%**	**20%**	**6%**	**14%**	**15%**	**3%**	**4%**
Cyprus	47%	17%	11%	29%	34%	8%	8%
Greece	51%	29%	7%	16%	22%	0%	4%
Italy	63%	20%	6%	12%	2%	1%	2%
Malta	59%	7%	5%	5%	11%	5%	6%
Portugal	49%	16%	5%	8%	6%	1%	1%
Spain	57%	31%	4%	13%	11%	1%	3%
Western	**55%**	**31%**	**9%**	**19%**	**28%**	**6%**	**4%**
Austria	42%	32%	14%	22%	29%	5%	4%
Belgium	56%	31%	8%	17%	22%	6%	6%
France	52%	35%	9%	18%	11%	3%	3%
Germany	66%	62%	15%	31%	–	7%	4%
Ireland	51%	7%	6%	13%	36%	4%	3%
Luxembourg	55%	33%	9%	22%	27%	6%	7%
Netherlands	53%	32%	4%	20%	49%	9%	4%
United Kingdom	63%	16%	9%	10%	25%	11%	3%

Source: EB 79,1 (QB11): "If you wanted to complain about this case of corruption, whom would you trust most to deal with it?"

Appendix 4. OLS regressions illustrating a path model of public integrity, trust and government performance

VARIABLES	(1) Inter-personal Trust	(2) Trust in Political Parties	(3) Trust in National Government	(4) Brain Drain	(5) Innovation	(6) Expenditure on Health	(7) Expenditure on R&D
CSOs per 1000 inhabitants		0.00 (0.001)					
Connections		-0.48* (0.233)					
Perception of corruptions politicians		-0.28* (0.157)					
Interpersonal trust		-0.11 (0.273)	-0.01 (0.109)				
Urban population	0.00* (0.001)						
GDP	-0.00 (0.000)			0.00* (0.000)	0.00*** (0.000)	0.00*** (0.000)	0.00*** (0.000)
Protestant	0.00*** (0.001)						
Economic Growth			0.01*** (0.003)				
Unemployment			-0.00 (0.002)				
Trust in political parties			1.15*** (0.123)				
Trust in national government				3.51*** (0.755)	0.52*** (0.165)	3.29* (1.713)	2.72** (1.143)
Constant	0.08 (0.101)	0.64** (0.254)	0.07 (0.044)	2.64*** (0.331)	0.28*** (0.055)	7.03*** (0.539)	0.69* (0.341)
Observations	**27**	**27**	**28**	**27**	**28**	**28**	**28**
Adj. R-squared	**0.67**	**0.54**	**0.89**	**0.38**	**0.36**	**0.31**	**0.27**

*Robust std. err. in parentheses * p <0.05; ** p <0.01; *** p <0.001.*

Appendix 5. Analysis of public integrity components

Table 1. *Bivariate relationships between selected anti-corruption indicators and control of corruption*

	(1)	(2)	(3)	(4)	(5)
ACA (presence)	-0.818* (-2.54)				
ACA (years)		-0.00731 (-0.32)			
PF score			-1.859*** (-4.09)		
FD score				-1.976*** (-5.15)	
Citizens Budget					0.826** (2.88)
Constant	1.495*** (5.46)	1.027*** (3.94)	2.147*** (6.83)	2.044*** (9.27)	0.556** (3.47)
Countries	28	28	28	27	28
R-sq.	0.217	0.004	0.335	0.351	0.241

*OLS regressions. The dependent variable is WGI control of corruption. t statistics in parentheses * p <0.05; ** p <0.01; *** p <0.001. Robust std. err. are used.*

Appendix 5. Analysis of public integrity components
Table 2. *Control of corruption and Its determinants*

	(1)	(2)	(3)	(4)	(5)	(6)
HDI	15.15*** (8.99)	11.52*** (5.00)	3.77 (1.41)	10.74*** (4.77)	12.34*** (4.86)	10.83*** (4.93)
Administrative Simplicity	0.0786* (2.4)					
Trade Openness		0.143** (3.41)				
Judicial Independence			0.225*** (6.06)			
Auditing Standards				0.189*** (5.75)		
E-Gov. Services					0.127** (2.88)	
E-Gov. Users						0.204*** (4.66)
Constant	-12.52*** (-9.12)	-9.735*** (-5.49)	-3.515 (-1.67)	-9.246*** (-5.17)	-10.19*** (-5.13)	-9.227*** (-5.39)
Countries	**28**	**28**	**28**	**28**	**28**	**28**
R-sq.	**0.677**	**0.731**	**0.871**	**0.84**	**0.723**	**0.807**

*OLS regressions. The dependent variable is WGI control of corruption. t statistics in parentheses * p <0.05; ** p <0.01; *** p <0.001. Robust std. err. are used.*

Appendix 5. Analysis of public integrity components
Table 3. *Correlations of Index of Public Integrity (IPI) with other corruption Indicators, 2012*

Variables	WGI control of corruption	CPI	ICRG Corruption	Global Corruption Barometer (GCB bribing score)	WEF diversion of public funds
IPI	0.916	0.917	0.807	-0.745	0.926

All correlations coefficients are significant at 1% level or better. Note that all corruption indicators except the one from GCB are scaled in the way that higher values imply less corruption. Therefore the correlation between IPI and these indicators is expected to be positive and only negative with the GCB score.

Appendix 5. Analysis of public integrity components
Table 4. *EU-28 by strength of integrity framework (2012)*

	Index of public Integrity	Administrative Simplicity	Trade Openness	Auditing Standards	Judicial Independence	E-Gov. Services	E-Gov. Users
EU Average	**6.02**	**7.01**	**6.40**	**5.93**	**6.31**	**5.21**	**5.22**
Central & Eastern	**3.87**	**5.38**	**4.05**	**3.88**	**3.16**	**3.20**	**3.52**
Bulgaria	2.44	4.08	3.67	2.26	1.50	1.00	2.14
Croatia	2.46	5.24	1.00	1.89	1.38	3.80	1.43
Czech Republic	2.76	1.35	2.67	4.74	3.37	1.97	2.43
Estonia	7.78	9.65	9.16	7.03	7.76	7.20	5.86
Hungary	4.67	8.21	2.00	5.32	3.42	4.65	4.43
Latvia	4.67	7.35	4.83	3.78	4.09	2.82	5.14
Lithuania	4.81	6.10	6.66	4.84	2.92	4.89	3.43
Poland	3.56	2.61	4.34	5.73	4.71	1.85	2.14
Romania	1.83	1.00	4.00	1.00	1.05	1.49	2.43
Slovakia	2.91	4.99	3.67	2.42	1.00	1.24	4.14
Slovenia	4.63	8.56	2.50	3.72	3.57	4.28	5.14
Northern	**8.69**	**9.40**	**8.38**	**8.24**	**9.40**	**7.89**	**8.81**
Denmark	8.58	9.60	9.16	6.04	8.87	7.81	10.00
Finland	8.66	9.52	6.83	10.00	10.00	8.30	7.29
Sweden	8.83	9.09	9.16	8.69	9.33	7.57	9.14
Southern	**4.31**	**5.46**	**5.03**	**4.47**	**4.32**	**3.47**	**3.09**
Cyprus	5.05	7.13	5.66	6.53	5.94	2.34	2.71
Greece	2.85	4.81	2.50	2.59	1.91	2.58	2.71
Italy	3.49	6.81	5.34	1.59	3.59	2.58	1.00
Malta	4.69	2.09	4.33	8.17	6.52	3.31	3.71
Portugal	5.02	8.57	5.34	4.48	3.82	4.04	3.86
Spain	4.75	3.36	7.00	3.45	4.15	5.99	4.57
Western	**7.19**	**7.78**	**8.14**	**7.12**	**8.36**	**6.27**	**5.45**
Austria	6.36	4.77	7.83	7.61	6.93	5.74	5.29
Belgium	6.70	10.00	7.50	7.19	7.04	3.92	4.57
France	7.51	9.14	9.50	5.98	6.26	8.17	6.00
Germany	6.78	5.12	7.66	6.90	9.41	5.86	5.71
Ireland	6.50	9.29	10.00	3.53	9.61	1.85	4.71
Luxembourg	7.07	7.16	7.16	8.19	8.47	4.89	6.57
Netherlands	8.69	8.47	7.49	9.11	9.87	9.76	7.43
United Kingdom	7.88	8.25	7.99	8.48	9.29	10.00	3.29

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