The Impact of Quality of Government as Impartiality: Theory and Evidence

Jan Teorell

Abstract:

In this paper I argue that Rothstein and Teorell's (2008) concept of impartiality helps
to integrate four conspicuously disparate strands in the literature on consequences of
government institutions: the literatures on corruption and social capital, growth and
economic development, bureaucratic quality and civil war, and on subjective well-
being and happiness. Second, I present some original data on the impartiality of
government institutions in 52 countries across the globe, based on a web-based expert
poll with public administration scholars. I then perform cross-country tests of the
predictions of the theoretical model, showing that impartial institutions affect
institutional trust, economic growth, and individual-level happiness. Although less
robustly so, impartiality is also related to stocks of social capital and the absence of
civil war. With few exceptions, the relationships between impartiality and societal
outcome variables are on par with those of the Worldwide Governance Indicators.

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Introduction

A strong recent tenet within comparative political economy has stressed that what hinders economic development in large parts of the world are low-quality government institutions responsible for implementing laws and policies (Mauro 1995; Knack and Keefer 1997; Clague et al. 1999; Evans and Rauch 1999; Hall and Jones 1999; Acemoglu, Johnson, and Robinson 2001, 2002; Easterly and Levine 2003; Rodrik, Subramanian, and Trebbi 2004). The rapid growth in research on "quality of government" and "good governance" in recent years has however not only been concerned with growth and economic development. The quality of government (QoG) factor has also been argued to have substantial effects on a number of important non-economic phenomena, both at the individual level — such as subjective happiness (Frey and Stutzer 2000; Helliwell 2003; Tavits 2007; Helliwell and Huang 2008), citizen support for government (Anderson and Tverdova 2003; Chang and Chu 2006), and interpersonal trust (Rothstein and Uslaner 2007; Rothstein and Stolle 2008; Rothstein and Eek 2009) — and at the societal level — such as improved public health and environmental sustainability (Holmberg et al. 2009), state legitimacy (Gilley 2006), the incidence of civil war (Fearon and Laitin 2003; Paris 2004; Öberg and Melander 2005) and even interstate belligerence (Mansfield and Snyder 2005).

In a recently published article, I have argued with Bo Rothstein that the core concept of this emerging literature lacks a strong conceptual foundation. Simply put, what should count as quality of government is not properly specified and severely undertheorized. In response to this, we argue that what enables well-working governments to achieve these goals is their capacity to exert political authority impartially (Rothstein and Teorell 2008). Lacking adequate indicators of impartiality, however, we were unable to verify this claim empirically. This is the aim of the present paper.

I will first argue that the concept of impartiality at the theoretical level helps to integrate four conspicuously disparate strands in the literature on consequences of government institutions: the literatures on corruption and social capital, growth and economic development, bureaucratic quality and civil war, and on subjective well-being and happiness. Second, I present some original data on the impartiality of government institutions in 52 countries across the globe, based on a web-based expert poll with public administration scholars. I then perform cross-country tests of the predictions of the theoretical model, including the effects of

impartial institutions on levels of interpersonal and institutional trust, economic growth, the incidence of civil war and individual-level happiness. I conclude by way of summing up my findings.

Integrating the Literature

The argument put forward by Rothstein and Teorell (2008) in favor of impartiality as the most important feature of government institutions is premised on normative political philosophy. By analogy with political equality as the basic norm underlying the input side of the political system, as argued by Dahl (1989) and numerous other democratic theorists, impartiality is the norm on the output side that is most compatible with the normative principle of treating everyone with equal concern and respect. We define this impartiality norm as follows: "When implementing laws and policies, government officials shall not take into consideration anything about the citizen/case that is not beforehand stipulated in the policy or the law" (Rothstein and Teorell 2008, 170).

Normative theory aside, the heightened interest in QoG and "good governance" recently would not have been brought about without supportive empirical evidence that these things do matter for social and economic development. Apart from a normative argument in favor of impartiality as following from first principles, we would thus ideally prefer to also have an empirical argument stating that impartiality leads to "good" outcomes, such as material and subjective well-being. This way of supporting an argument from both the normative and empirical sides in a sense resembles what Rawls (1971) termed a "reflective equilibrium". In political philosophy, Rawls argued, one may favor a certain notion of, say, distributive justice because (a) it follows most clearly from basic normative principles, or (b) it is most compatible with our considered judgments of what counts as fair. Sometimes there is a mismatch between the two, leading to a process of refining both basic principles and intuitive moral judgments until they coincide (in the "reflective equilibrium"). In a similar vein, a specific notion of what should count as quality of government ought not only be derived from normative principles. It also needs to be demonstrated that this notion is capable of producing morally preferred social outcomes. Whether the impartiality principle lives up to this latter standard is to be tested in this paper.

Recent empirical evidence has to a large extent been mustered with respect to the consequences of QoG for growth and long-term economic development. A smaller but

growing literature relates QoG to the incidence of civil war, as well as to personal happiness and subjective well-being. How does the theory of impartial government institutions fare with these results and their corresponding notions of QoG? As I argue below, a key to understanding these results may be found in the theory of social capital. I therefore first exploit the link between impartiality and social capital, and then turn to the other specific effects in turn.[1]

Corruption and Trust

The importance of social capital for good governance, economic growth and individual well-being has been widely recognized. However, the idea launched by Putnam (1993) that social capital is generated by people being active in "bridging" voluntary associations has not fared well when tested empirically. Rothstein (2005) and Rothstein and Stolle (2008) argue instead that universal political institutions are a better explanation for the generation of social capital. This is due to the following threefold causal logic. First, people make inferences from how they perceive public officials. If public officials are known for being partial or corrupt, citizens will believe that even people whom the law requires to act in the service of the public cannot be trusted. This should in particular be the case when officials responsible for enforcing the law or adjudicating court cases are considered partial, since people then infer that cheaters can get away with it. Secondly, people will infer that most people in a society with partial or corrupt officials must take part in corruption, bribery, and various forms of nepotism in order to obtain what they feel their rightful due. Thirdly, in order to make a living in such a society, citizens must, even though they may consider it morally wrong, also begin to take part in bribery, corruption, and nepotism. Taken together, this impels people in corrupt societies to conclude that most other people cannot be trusted (Rothstein 2005, 121-2). As should be clear, this argument hinges on a specific notion of corruption, concurring with Kurer (2005, 230) in stating that "corruption involves a holder of public office violating the impartiality principle in order to achieve private gain". Corruption is thus conceived of as a way of systematically breaching the impartiality principle.

This line of reasoning leads to the following empirical predictions:

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[1] Readers who put particular faith in theoretical propositions articulated before the collection of data may consult Rothstein and Teorell (2005), wherein a first version of the following empirical predictions was published, some 3 years before data collection began.

H1: Countries with impartial government institutions have higher levels of interpersonal trust.

H2: Countries with impartial government institutions have higher levels of institutional trust, particularly with respect to bodies responsible for policy implementation and law enforcement.

I may also posit a joint hypothesis linking these two expectations together:

H2j: Impartial government institutions are linked to higher levels of interpersonal trust through their relationship with institutional trust.

Although systematic empirical testing in this field is in its infancy, it deserves noting that several links in this proposed causal chain have gained empirical support. Anderson and Tverdova (2003) and Chang and Chu (2006) show that corruption lowers trust in government institutions. Kumlin and Rothstein (2005) document that people targeted by universal welfare programs, which are more likely to be perceived as fair by their recipients, are more trusting than people targeted by needs tested benefits. Rothstein and Uslaner (2005) find that corruption reduces interpersonal trust (through its effect on income inequality). Knack and Keefer (1997) and Zak and Knack (2001), moreover, find that "formal institutions" for the effective enforcement of agreements and laws positively affect levels of trust. Moreover, recent experimental work shows that both (high trusting) Swedish and (low trusting) Romanian students, when confronted with scenarios where they encounter that public officials in an "unknown city in an unknown country" are asking for and also getting bribes, do not only loose trust in these public officials (policemen and doctors), but also in "other people in general" in that "unknown city" (Rothstein and Eek 2009).

Finally, the impartiality theory casts some additional light on Anderson & Tverdova's (2003) finding that support for the incumbent alleviates the effect of corruption on trust in government. According to the authors this may be explained by the fact that "government supporters are more likely to be the beneficiaries of the goods distributed by corrupt public officials" (ibid., 94). This is exactly what should be expected from the impartiality perspective. Violation of non-discrimination norms entails *partial* treatment, that is, treatment that favors some at the expense of others. This partial treatment is however not expected to be

targeted haphazardly, but towards those who have contributed to bringing the incumbents to power. As a result, supporters of government are less negatively affected in their stance toward partial government institutions.

Growth and Economic Development

The power of the impartiality theory to explain growth is best illustrated by its ability to integrate four seemingly unconnected but empirically corroborated determinants of growth in the literature: the security of property and contract rights (Acemoglu, Johnson, and Robinson 2001, 2002; Easterly and Levine 2003; Rodrik, Subramanian, and Trebbi 2004; cf. Glaeser et al. 2004; Kurtz and Schrank 2007); (2) aggregate levels of interpersonal trust (Knack and Keefer 1997; Zak and Knack 2001; Beugelsdijk et al. 2004); (3) corruption (Mauro 1995); and (4) a scale of the "Weberianness" of state bureaucracies (Evans and Rauch 1999).

Let me discuss these in turn. A strong theoretical impetus for the link between growth and secure contract rights is provided by North (1990, 54), who asserts that "the inability of societies to develop effective, low-cost enforcement of contracts is the most important source of both historical stagnation and contemporary underdevelopment in the Third World". The reason for this is that the kind of market essential for economic development requires "nonsimultaneous transactions, in which the *quid* is needed at one time or place and the *quo* at another" (Clague et al. 1999, 186). Paradigmatic examples of such transactions include borrowing and lending, a demander and supplier some distance apart, and parties to an insurance. "In all of these cases", Clague et al. (1999, 186) argue, "the gains from trade cannot be realized unless the parties expect that the contracts they make will be carried out." Of equal importance is a guarantee that the fruits of such transactions are not at some later time point expropriated by the state or by other economic actors. This is the simple theoretical case for secure property rights.

Impartial government institutions enter the theory of property and contract rights through the problem of enforcement. This follows most clearly if we acknowledge that property and contract rights are not primarily of importance as paper constructs, but in the ways they enter people's minds. For contract rights to work in practice, the parties to a deal must be expected to hold their promises. Similarly, for property rights to function people must share the same

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set of beliefs as to where the borders separating one's property from the others' are located.[2] In the words of de Soto (2001, 186), "it is not your own mind that gives you certain exclusive rights over a specific asset, but other minds thinking about your rights in the same way you do. These minds vitally need each other to protect and control their assets". This implies that the actual workings of both contract and property rights are based on certain behavioral expectations. To separate what is mine from what is yours, and to able to strike a deal, I must expect certain behavior in return from my fellow citizens.

As critics of Hobbes have argued for centuries, however, these expectations cannot be upheld solely with the use of force by a third party such as the state. As North (1990, 58) himself puts it: "Enforcement is costly. Indeed, it is frequently costly even to find out that a contract has been violated, more costly to be able to measure the violation, and still more costly to be able to apprehend and impose penalties on the violator." If every nonsimultaneous economic transaction would rely on the parties being certain that any future violation of the deal would be detected and punished by a third party, then very few such transactions would be undertaken. The transaction costs would simply be too high. But if, instead, these transactions could rely on an entrenched feeling that other people generally may be trusted, or a norm specifying that favors generally are returned, then transaction costs would be substantially lower. In other words, what helps some societies solve the problem of how to enforce contract and property rights is their access to a healthy stock of social capital.

And where does this social capital come from? Well, as already argued above, primarily from having impartial government institutions. Such institutions help to mold the long-term behavioral expectations that underpin economic transactions. As Clague et al. (1996, 254) put it, a notable way in which government may violate the property and contract rights of their subjects is by "failing to provide a legal infrastructure that impartially enforces contracts and adjudicates disputes about property rights". What is critical to apprehend in this theory is that, once in the cooperative equilibrium of contracts self-enforced by trust and norms of reciprocity, the state hardly needs to act as the third-party enforcer. Yet it is the fact that the state is *expected* to be an impartial arbiter in case of conflict that underpins people's trust and

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[2] For formal treatments of these statements, see, e.g., Bohnet, Frey and Huch (2001) with respect to contract rights, and Grossman and Kim (1995) with respect to property rights.

reciprocity. Like a fire department, impartial government institutions are desired by everyone, although everyone wishes that they would never had to be used.

Needless to say, this "behavioral" theory of property and contract rights also incorporates the second empirical regularity mentioned above: that trust is positively related to growth. Knack and Keefer's (1997, 1252-3) summary of the ways in which this may happen is very akin to our argument:

> Individuals in higher-trust societies spend less to protect themselves from being exploited in economic transactions. Written contracts are less likely to be needed, and they do not have to specify every possible contingency. Litigation may be less frequent. Individuals in high-trust societies are also likely to divert fewer resources to protecting themselves … from unlawful (criminal) violations of their property rights. Low trust can also discourage innovation…Societies characterized by high levels of trust are also less dependent on formal institutions to enforce agreements…Trusting societies not only have stronger incentives to innovate and to accumulate physical capital, but are also likely to have higher returns to accumulation of human capital.

Given that corruption negatively impacts on social trust, thirdly, Mauro's (1995) finding that corruption hurts growth primarily by curbing investment should come as no surprise. Groups of people whose common knowledge is that "people like us" are most likely to be discriminated against or dealt with in an arbitrary manner by government agents, are not likely to make long term investments in productive projects, be it their own education or some small scale business project.

Fourth and finally, we interpret Rauch and Evans's (2000) "Weberian" state hypothesis as very much compatible with the impartiality theory. Rauch and Evans (2000) were able to gather unprecedented data on the extent to which bureaucracies in 35 developing countries employ meritocratic recruitment (as opposed to recruitment reflecting partisan or patrimonial spoils), and the extent to which they supply civil servants with competitive salaries and long-term career paths through internal promotion. These organizational properties turn out to be strongly related to the subjective ratings of corruption and bureaucratic efficiency employed by Mauro (1995) and Knack and Keefer (1995). In addition, they turn out to be significantly related to economic growth (Evans and Rauch 1999).

In sum, this reading of the burgeoning literature on the determinants of economic growth suggests the following expectation:

H3: Countries with impartial government institutions sustain higher levels of economic growth.

In light of H1, may also follow the following joint prediction:

H3j: Impartial government institutions are linked to higher levels of economic growth through their relationship with interpersonal trust.

Bureaucratic Quality and Civil War

Illustrating the sometimes devastating consequences of having partial government institutions, there are studies showing that the violence that led to the civil war in former Yugoslavia broke out after the decision by the President in the newly formed Croatian republic to fire all policemen in Croatia of Serbian origin, along with the wholesale dismissal of Serbian teachers, doctors, and local officials. For the Serbs living in the new Croatia, also those living in the Serb dominated enclave known as Krajina, these were unmistakable signals that they and their children could count on a future of widespread discrimination in all dealings with authorities, schools, hospitals, etc. There are certainly numerous explanations for the outbreak of civil war in former Yugoslavia, but a close examination of the sequential logic shows that violence broke out after it was clear to the Serbs living in Croatia that impartiality was no longer on the agenda (Rothstein 2009, 11-13).

According to research on the determinants of civil war, the outbreak of the civil war in former Yugoslavia might not have been an exception. Fearon and Laitin (2003) in a widely cited article show that the outbreak of civil war, contrary to conventional wisdom, is *not* fostered by ethnic or religious diversity. Instead, the primary cause appears to be the central government's police and military incapacity. "Insurgents are better able to survive and prosper if the government and military they oppose are relatively weak—badly financed, organizationally inept, corrupt, politically divided, and poorly informed about goings-on at the local level" (ibid., 180). Even more relevant to my theoretical argument, Öberg and Melander (2005) find that the onset of civil war is negatively related to the quality of the bureaucracy. The theoretical rationale behind this finding would be that conflicts only escalate to war in the presence of asymmetric information with respect to the conflicting parties. Civil war could always be avoided if a distribution is found that both sides prefer to

war, which in its turn requires good and credible information. The authors conclude: "A strong, efficient, professional, impartial and meritocratic bureaucracy, that also has some measure of autonomy/integrity, will be better at providing the necessary information" (ibid., 9).

I thus posit the following prediction:

H4: Countries with impartial government institutions sustain lower levels of civil war.

According to the theory this effect is mostly explained by an impartial state bureaucracy's ability to provide credible *information* that allows conflicting parties to reach negotiated agreements short of war. Incidentally, impartial bureaucracies also help promoting growth by providing reliable information, for example about possible business partners (Evans and Rauch 1999). This is thus also another reason to posit a relationship between impartiality and growth.

Happiness and Predictability

One of the more remarkable effects of QoG evidenced in the literature is the finding that it promotes individual feelings of subjective well-being and happiness – even when personal income, health and other plausible determinants of happiness are being controlled for (Helliwell 2003; Tavits 2007). In the most recent update of these findings, Helliwell and Huang (2008) show that different aspects of the QoG compound matter for different countries. In less developed countries, it is QoG on the output side of the political system (such as effectiveness and corruption) that matters for well-being, whereas in rich industrialized countries, where the output side arguably works better, it is democracy on the input side of the system that matters. This finding is in line with Frey and Stutzer (2000), who find that more opportunities for democratic participation explain varying levels of happiness across Swiss cantons — that is, definitely in a high-development context. Given that "rich, industrialized countries" are only a small minority of the worlds' economies, however, this line of research more generally suggests that quality of government matters more than democracy for ordinary people's feelings of happiness.

I thus posit the following prediction:

H5: Countries with impartial government institutions have higher levels of subjective well-being.

But what could explain the impact of impartiality on subjective well-being and happiness? Two alternatives suggest themselves. The first is related to the previous discussion of hypotheses H1-H4: that impartial government institutions make people happier by increasing their stock of social capital, their material welfare (through economic growth) and by avoiding deadly civil strife. This joint expectation may be stated more formally:

H5j: Impartial government institutions are linked to higher levels of subjective well-being through their relationship with interpersonal trust, economic growth and civil war.

Second, I would argue that another plausible mechanism in this case runs through government predictability. A government whose actions are predictable is from a citizen perspective of high quality because different life plans can be made with more accuracy and lower risk. To me this appears to be one of the less tangible but still fundamental differences between the developed and developing world. In the former to a much larger extent that in the latter, the state to a high degree operates as a "public risk manager" (Root 2006, ch. 10), that is, alleviates physical, economic and social insecurity by making life more predictable. Besides helping to increase subjective well-being, predictability may also be another mechanism explaining why impartiality is good for growth. Impartiality makes it possible for agents outside the state to make predictions of its actions, and making predictions are at the heart of the rationale in any economic calculus, be it investing in a business or in an education (Evans and Rauch 1999).

Measuring Impartiality

How can we go about measuring the impartiality of government institutions? Unfortunately, none of the empirical measures among the widely used "worldwide governance indicators" (Kaufman et al. 2008) contains direct questions on impartiality. Addressing this omission is however one of the primary aims of the so-called "Quality of Government Institute Quality of Government Survey", a recently finished country-expert survey answered by 529 public administration experts worldwide (Teorell et al. 2008). The average respondent in this sample is a male (66 %), 47-year-old PhD (82 %), and an overwhelming majority of respondents were either born (90 %) or live (92 %) in the country for which they have provided their

responses. Despite receiving responses by experts on 58 countries, to enhance data quality this paper exclusively relies on the 52 countries for which at least 3 expert responses have been obtained (see Appendix for more details on these data). Western Europe and Northern America together with post-communist Eastern Europe and the former Soviet Union carry the weight of countries covered. Only seven non-Western and non-post-communist countries are covered by at least three respondents: India, Brazil, South Africa, Japan, South Korea, Mexico, and Turkey, the last four of which are OECD members. By and large, then, our sample of countries is heavily geared towards the developed world.

Three measurement strategies were used to gauge the theoretical construct of impartiality. The first is very direct, asking the respondents to rate their country in terms of the theoretical definition of impartiality developed by Rothstein and Teorell (2008):

Q4. By a common definition, impartiality implies that when implementing policies, public sector employees should not take anything about the citizen/case into consideration that is not stipulated in the policy. Generally speaking, how often would you say that public sector employees today, in your chosen country, act impartially *when deciding how to implement a policy in an individual case?*

Responses could be given on a response scale ranging from 1, "Hardly ever" to 7, "Almost always". The cross-country mean is 4.65, ranging from a 2.50 in South Africa to 6.44 in Australia (the cross-country standard deviation is .99). In this sample of countries, government institutions are thus perceived to be impartial more often than not, but the variation across countries in this perception is substantial.

The second measurement strategy approaches impartiality by way of a scenario, the case of a cash transfer program to the "needy poor":

Q6. Hypothetically, let's say that a typical public employee was given the task to distribute an amount equivalent to 1000 USD per capita to the needy poor in your country. According to your judgment, please state the percentage that would reach:

The question is then followed by six predetermined response categories for which the respondent could fill in a number from 0 to 100 (provided that they sum to 100 percent

together). The percentage reaching the "needy poor" is supposed to be a gauge of how impartial this particular policy would be implemented. The mean of this percentage is actually no larger than 56 percent, although this again conceals quite substantial cross-country variation, ranging from a low of 22 percent in Ukraine to a high of 92 percent in Norway (the cross-country standard deviation being 21 percent). The remaining (average) 44 percent of the cash transfer end up fairly evenly distributed across the remaining response categories: with people with kinship ties to the public employee (11 %), middlemen/consultants (13 %), superiors of the public employee (7 %), or in the public employee's own pocket (9 %), the remainder (4 %) reaching a residual category of "others".

The third measurement strategy, finally, is to provide examples of government behavior that clearly breach the impartiality principle. Three such examples are provided:

Q2. Thinking about the country you have chosen, how often would you say the following occurs today?

g. Firms that provide the most favorable kickbacks to senior officials are awarded public procurement contracts in favor of firms making the lowest bid?
h. When deciding how to implement policies in individual cases, public sector employees treat some groups in society unfairly?
j. When granting licenses to start up private firms, public sector employees favor applicants with which they have strong personal contacts?

Response categories again ranged from 1, "Hardly ever" to 7, "Almost always". These three variables all have fairly balanced cross-country means (at 3.52, 3.54, and 3.65), but again display substantial variation across countries (with standard deviations at 1.37, 1.06 and 1.32, respectively).

With all five measures of impartiality correlating strongly across countries (at .75 to .84), and clearly loading on one single factor in a principle components factor analysis, I will in this paper be employing one single impartiality index constructed by adding each measure weighted by their respective factor loading. This factor index thus by construction has a mean of 0 and a standard deviation of 1. The point estimates for each country are shown in Figure 1, together with bootstrap estimates of the 95 percent confidence intervals by country.[3]

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[3] Since the average sample size per country is less than 10 respondents, non-parametric bootstrapped confidence intervals are deemed more accurate than parametric ones based on the normality assumption. The bootstrap estimates have been performed on the 519 respondents whom have provided a response for any of the five items

[Figure 1 about here]

As can be seen, the impartiality index varies widely across countries. The countries perceived as having the least impartial public administrations are South Africa, Russia, Ukraine, Kazakhstan and Kyrgyzstan, whereas the most impartial ones are located in Denmark, Switzerland, Austria, Norway and New Zealand. As the confidence intervals indicate, these point estimates are of course noisy. Some countries are causes of particular concern, such as Malta and Latvia, having comparatively large standard errors due to a combination of small sample sizes and considerable disagreement among experts. The mean 95 percent confidence interval is however only .77, and the ratio of the between- over the within-country variance around 1.2. Moreover, it is not simply the case that these confidence intervals are decreasing in the level of impartiality. The correlation between the mean and the confidence interval across countries is a meager –.20. On the whole, I would thus deem these point estimates precise enough to allow meaningful country comparisons.

Exploring the Empirical Predictions

I now turn to the test of the empirical predictions developed above. It should be made immediately clear that these tests are by no means conclusive. With only 52 observations from a cross-section of countries, and a great degree of collinearity to be expected among both outcome and potential control variables, the possibilities to fully deal with specification error and endogeneity bias are limited. It should also be noted that whereas several predictions from my theory concern individual-level phenomena (H1, H2 and H5), I will here only test these prediction on the aggregate level. The measurement noise introduced into the impartiality index is another potential source of estimation bias that has not been dealt with. The results should be interpreted accordingly: as suggestive and tentative.

These reservations notwithstanding, I will employ a two-pronged testing strategy. First, I will compare simple cross-country correlations between the outcome variables and the impartiality index on the one hand and a selection of benchmark measures of quality of government drawn

comprising the impartiality index. Bias-corrected 95 percent confidence intervals with 1000 replications on a country-by-country basis have been estimated in Stata 10.0.

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from the Worldwide Governance Indicators (WGI) on the other. More specifically, I will make systematic comparisons with the government effectiveness, rule of law, and control of corruption indicators (see Kaufmann et al. 2008). There are several reasons underlying this choice. First of all, the WGI are the most widely used measures of QoG in comparative political economy. To be taken seriously in the future, the impartiality index must thus be able to stand up against these broadly approved alternatives. Moreover, the three WGI benchmark indicators tap into slightly different dimensions of QoG, none of which correspond perfectly to the theory of impartiality outlined above (see Rothstein and Teorell 2008). The government effectiveness indicator, for one, clearly concerns the public administration, but more in terms of its capacity to get things done irrespective of *how* things are done procedurally. Control of corruption in many respects is a necessary requirement for impartial policy implementation, but certainly not a sufficient one, since impartiality also precludes other dysfunctional government "ills" such as clientelism, nepotism or systematic discrimination. Rule of law, finally, is certainly similar to impartiality if interpreted as equality before the law, but impartiality again is a wider concept including spheres of state action other than the ones directly governed by law. In sum, the notion of impartiality must also at the level of measurement be able to compete with these narrower interpretations of QoG in terms of explaining various societal outcomes.

The second part of my testing strategy will be to compare *partial* correlations between outcome variables and the alternative measures of QoG, holding a highly parsimonious model of controls variables constant.[4] There is of course a general concern that simple correlations could simply tap into spurious dependencies between QoG and outcome variables that in fact are generated by common underlying causes. A first obvious contender to be considered is national income. The risk of introducing variables such as GDP per capita however is that it could be controlling for too much, since one of the empirical predictions (H3) is that more impartial countries sustain higher levels of economic growth. My suggested solution to this is to include GDP per capita but measured at a considerably earlier time point. More specifically, I will be controlling for the first year of measurement per country in the 1971-2007 series of data on Real GDP per Capita produced by the United Nations Statistics

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[4] The reason I employ partial correlation rather than multiple regression is simply that it facilitates comparisons across measures of QoG. What I in effect compare is thus a measure of fit rather than effect magnitude, since the correlation coefficient is a simply the square root of explained variance (in the multivariate case for the

Division (2008). This will increase the chances that the part of QoG produced by economic development is partialled out without at the same time eliminating the effect running in the opposite direction. I will also throughout be controlling for two usual suspects in comparative political economy, namely level of education (measured as gross tertiary enrolment from UNESCO 2007) and ethnolinguistic fractionalization from Alesina et al. (2003). Descriptive information for all variables used, and their original sources, are for the estimation sample of 52 countries provided in Table 1.

[Table 1 about here]

The first empirical prediction, that countries with more impartial government institutions also have populations more likely to trust one another (H1), is tested in Table 2. The measure of interpersonal trust employed is the traditional item asking whether "most people can be trusted or that you need to be very careful in dealing with people" in the European/World Values Surveys from around 1995-2004. As can be seen, this measure of social capital correlates fairly strongly (at .68) with the level of impartiality, under all circumstances more strongly than with any of the three WGI indicators. The unconditional relationship is portrayed in Figure 2. Whereas this would seem to lend support to H1, this pattern is however not upheld once the three control variables are held constant. With controls, the partial correlation between impartiality and social trust drops to .18, far below conventional levels of statistical significance (although the benchmark WGI measures fare even worse). More detailed analyses do not provide a clear answer as to why this is the case. With only GDP per capita among the control variables, the correlation is still moderate (.30) and significant. Once education and fractionalization is added, however, the partial correlation drops to insignificance despite the fact that neither of these additional controls by themselves exert any significance influence on interpersonal trust. This suggest that multicollinearity could be the culprit. In sum, H1 is only weakly supported by the data.

[Table 2 about here]

[Figure 2 about here]

relationship between the residuals of the two variables after taking the controls into account). In terms of statistical significance, all results are exactly equivalent if tested with multiple regression instead.

H2 is more robustly supported, in particular for trust in the police.[5] As Figure 3 indicates, impartial government institutions and trust in the police are well correlated (at .47) even after controls. The same goes for trust in the civil service, although the correlation in this case is more moderate. The relationship with trust in the justice system, however, is only marginally significant, perhaps reflecting the fact that the courts are not considered by ordinary citizens to be as clearly a part of the public administration. In any case, only in one instance do the correlations with the WGI outperform those with impartiality: trust in the police is even more strongly correlated with control of corruption.

[Figure 3 about here]

Are people more trusting of one another in more impartial countries *because* they put more confidence in government bodies responsible for law enforcement and policy implementation? As the lower-end panel of Table 2 makes clear, only modestly so and almost exclusively due to trust in the police. There is thus at best weak support for H2j, a pattern that perhaps should not come as a surprise given that the relationship between impartiality and interpersonal trust is not as robust as expected.

Turning to Table 3, there at first seems to be no relationship between impartiality – or any other QoG indicator for that matter – and the average growth record for the last almost four decades (GDP per capita again provided by UNSD 2008). This however only reflects the fact that at least this sample of countries display a fair amount of convergence in the national income levels over time. That is, the richer countries have over the time period from 1971 and onwards been growing slower than the poorer ones. Once this negative relationship with initial income levels have been cancelled out, impartiality is significantly related to growth, even after taking education and social heterogeneity into account. Figure 4 portrays the conditional relationship, which corresponds to a partial correlation coefficient of .40. This correlation is clearly stronger than that with control of corruption (at .33), and certainly on par with that with government effectiveness (at .38) and rule of law (at .42). Particularly the fact that the WGI rule of law measure, which includes several indicators on the security of

property and contract rights that are favored among economists' explanations for how institutions cause growth (see, e.g., Acemoglu et al. 2005), does not perform markedly better than the impartiality index in predicting growth is unexpectedly good news for my theory. True, endogeneity bias is a serious problem here since the test basically looks at the relationship between QoG today and growth yesterday. However, no preferable alternative exists given the lack of historical data on impartiality. H3 is thus supported.

[Table 3 about here]

[Figure 4 about hear]

Again, however, the joint prediction (H3j) that impartiality causes growth *through* its effect on interpersonal trust must be rejected. The partial correlation between impartiality (or any of the WGI indicators) and growth averages is unaffected by the inclusion of interpersonal trust among the controls. There are two explanations for this. To begin with, as already noted, impartiality and trust are not significantly related once the other control variables are taken into account. However, *pace* Knack and Keefer (1997), Zak and Knack (2001), and Beugelsdijk et al. (2004), it is also the case that interpersonal trust is not significantly related to growth in this data.

The predictions for civil war in Table 4 are tested in a manner similar to that of growth. Since the incidence of domestic armed conflict fluctuates over time in any given country, I have used the over-time averages (this time throughout the entire post-WWII period) as indicators of the *propensity* for armed conflict. Drawing on data from the UCDP/PRIO Armed Conflict Dataset (Gleditsch et al. 2002), two thresholds for the number of battle-related deaths restricted to the country's own territory have been established: above 1000, indicating full-scale "civil war", and above 20 but below 1000, signifying "civil conflict". It appears that only the former, more serious, expression of domestic warfare is significantly related to impartiality once initial levels of income, level of education and ethnolinguistic fractionalization are being held constant. And even then the partial correlation is a meager –.28, only passing the 90 percent threshold for statistical significance. As Figure 5 makes

[5] The three measures of institutional trust are all drawn from a battery of EVS/WVS items asking "how much confidence" the respondent as in a series of organizations: "a great deal" (1), "quite a lot" (2) , "not very much"

clear, this weak correlation moreover only hinges on one single observation: Russia, and its long-lasting war in Chechnya. Without Russia in the sample, no significant partial correlation remains between impartiality and the propensity for civil war, a pattern that emerges also for the WGI measures, two of which (control of corruption and rule of law) show correlations with civil war on par with the impartiality index. By and large, then, H4 is only modestly supported.

[Table 4 about here]

[Figure 5 about hear]

Turning to Table 5, finally, the final two predictions (H5 and H5j) are well in line with the observed relationships for two measures of subjective well-being: the ordinary "life satisfaction" item from the European/World Values Surveys,[6] and Veenhoven's (2007) measure of "years lived happy", based on subjective well-being questions multiplied by life expectancy.[7] As can be seen, these outcome variables are well correlated with impartiality even after controls are included. Moreover, the relationship is, by and large, due to the posited causal mechanism through interpersonal trust, economic growth, and the experience of civil war. As the bottom-end panel shows, impartiality is no longer significantly related to life satisfaction once these other outcome variables have been controlled for, and with years lived happy more weakly so.

[Table 5 about here]

This time, however, the WGI indicators clearly outperform the impartiality index in terms of the magnitude of the correlations. Whereas the impartiality index correlate with the two subjective well-being measures in the order of .37-.41, the WGI correlations are significantly

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(3), or "none at all" (1). These scales have been reversed so that higher numbers indicate more trust.

[6] The question wording is: "All things considered, how satisfied are you with your life as a whole these days?", with responses varying from (1) "Dissatisfied" to (10) "Satisfied".

[7] More specifically, I have employed Veenhoven's (2007) mixed measure from 1995-2005: Life-expectancy at birth multiplied by average survey self-assessments of subjective life satisfaction (combined measure of 10-step life satisfaction and 11-step best-worst life), where the latter is scaled to range from 0-1.

stronger (at .61-.71). Exactly what produces this pattern in not evidently clear. A graphical comparison for the life satisfaction indicator is displayed in Figures 6a and 6b.

[Figure 6a about hear]

[Figure 6b about hear]

Conclusions

In sum, I have found clear support for three out five main expectations: that impartial government institutions enhance institutional trust (H2), sustain higher levels of economic growth (H3), and make people more happy (H5). The joint hypothesis that impartiality makes people more happy because they increase interpersonal trust and economic growth, and reduce the propensity for civil war (H5j), is also confirmed. The propositions that impartiality also enhances interpersonal trust (H1) and reduces the risk of civil war (H4) are however only supported absent of controls. The fact that the relationship with interpersonal trust drops to insignificance after controls could however be due to multicollinearity, and the civil war prediction is marginally significant if we accept the influence of one extreme outlier: Russia. Given the broad scope of these predictions, including both attitudinal, economic and social phenomena, I believe these tentative tests overall lend unexpectedly strong support to the impartiality theory.

Moreover, only in the case of subjective well-being did the benchmark measures from WGI systematically outperform the impartiality index in terms of predictive fit (the other partial exception is the correlation between control of corruption and trust in the police). A low-cost web survey with public administration scholars, the results of which we hope soon to make publicly available, thus produced a gauge of quality of government that could well compete with the hoards of data sources and sophisticated estimation techniques employed by the World Bank Institute. Although this of course involves a comparison of not only the measurement strategy but also the underlying theory, it is encouraging news for our survey experiment, which we hope to extend to other parts of the world in the future.

The empirical predictions that worked less well were the joint hypothesis stating that impartiality should affect interpersonal trust through its effect on institutional trust (H2j), and that it should affect growth through its effect on interpersonal trust (H3j). Of these two, the first is the least troublesome for the theory. If people infer from their experience with

government institutions that other people cannot be trusted, as suggested by Rothstein (2005) and Rothstein and Stolle (2009), that inference need not necessarily pass through a judgement over the trustworthiness of the government institutions themselves. (Besides, it could also be the case that this particular prediction does hold water at the individual-level.) Of greater concern is however the failure of the growth-enhancing social capital mechanism to materialize. If impartial government institutions affect growth but *not* by enhancing the stock of social capital, as my results would suggest, through what mechanisms does this effect occur? As suggested by Evans and Rauch (1999), credible information and predictability could be two alternative theoretical mechanisms, but further theoretical and empirical work is needed to address this important question.

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Appendix: Country and Expert Selection in the "Quality of Government Institute Quality of Government Survey"

After an open pilot survey available on our website in the Winter of 2007-2008, the main study has been conducted between September 2008 and May 2009 as a web survey of public administration experts in a wide array of countries. Although the scope of the survey is global in principle, we soon realized that there would be a trade-off between the number of countries we could include in the study, particularly from the developing world, and the information we could acquire on potential public administration experts to select for the sample. The solution to this problem that we opted for was to select experts first, and then let the experts, by themselves choosing the country for which they wanted to provide their responses, determine the selection of countries. In practice, what we did was to assemble a list of persons registered with four international networks for public administration scholars: The Network of Institutes and Schools of Public Administration in Central and Eastern Europe (NISPACEE), The European Group of Public Administration Scholars (EGPA), the European Institute of Public Administration (EIPA), and the Structure and Organization of Government (SOG) Research Committee at IPSA. The homepages of these scholarly networks provided the bulk of names of public administration scholars that was sent the questionnaire, but we also did some complementary searches on the internet, drew from personal contacts of scholars at the QoG Institute, and used the list of experts recruited from the pilot survey.

All in all, this resulted in a sample of 1288 persons. We contacted these persons by email, including some background information on the survey, a request to take part, together with a clickable link inside the email leading to the web-based questionnaire in English. The only incentives presented to participants were access to the data, a first-hand report, and the possibility of being invited to future conferences on the Quality of Government.

After three reminders, 499 or 38.7 percent of these experts had responded, providing responses for 54 countries. In order to cover some underrepresented small European states, and to enhance the coverage of countries with critically low response rates, we launched a second wave of the survey beginning in January this year. This fresh sample was based on extended internet searches and

personal contacts, with the addition of a snowballing component through which one responding expert could suggest other experts on his or her country. On May 25, 30 additional valid responses (41.1 %) out of 73 sampled experts had been collected, covering 9 countries (4 of which were not covered in the original sample).

On the whole, this leaves us with 529 expert responses on 58 countries (see table below). The average respondent in this sample is a male (66 %), 47-year-old PhD (82 %). An overwhelming majority of respondents were either born (90 %) or live (92 %) in the country for which they have provided their responses. To enhance data quality, I have in this paper exclusively relied on the 52 countries for which at least 3 expert responses have been obtained. While the number of respondents even among this restricted set of countries varies substantially, from only 3 for Brazil and Uzbekistan to a maximum of 28 in the Czech Republic, on average 10 experts per country have taken the time to respond to our survey. As should be expected from the sampling frame, Western Europe and Northern America together with post-communist Eastern Europe and the former Soviet Union carry the weight of countries covered.

Number of Valid Responses by Country

Country	Respondents	Country	Respondents
Albania	11	South Korea	7
Armenia	16	Kyrgyzstan	6
Australia	10	Latvia	7
Austria	5	Lithuania	11
Azerbaijan	6	*Luxembourg*	1
Belarus	9	Macedonia	7
Belgium	7	Malta	4
Bosnia & Herzegovina	7	*Mauritius*	1
Brazil	3	Mexico	11
Bulgaria	22	Netherlands	14
Canada	13	New Zealand	12
China	1	*Nigeria*	2
Croatia	6	Norway	12
Cyprus	2	Poland	11
Czech Republic	28	Portugal	9
Denmark	13	Romania	17
Estonia	10	Russian Federation	6
Finland	11	*Serbia & Montenegro*	2
France	6	Slovakia	7
Georgia	8	Slovenia	11
Germany	12	South Africa	4
Greece	22	Spain	7
Hungary	15	Sweden	11
Iceland	4	Switzerland	5
India	7	Turkey	5
Ireland	16	Ukraine	11
Italy	7	United Kingdom	11
Japan	9	United States	19
Kazakhstan	7	Uzbekistan	3
		TOTAL	529

Note: Countries in italics are not included in this paper due to too low response rate.

Figure 1. The impartiality index
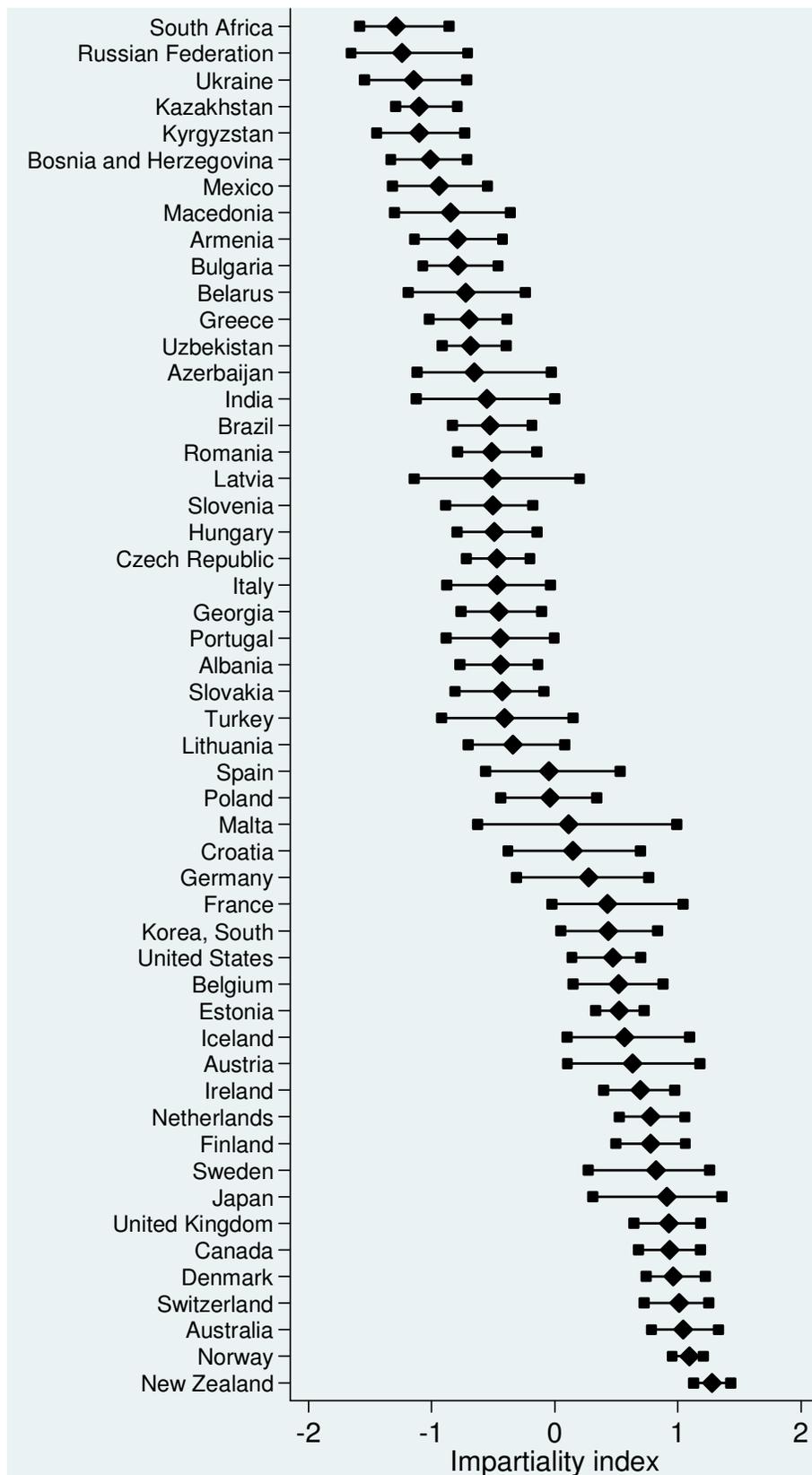
Figure 2. Impartiality and Interpersonal Trust (unconditional)
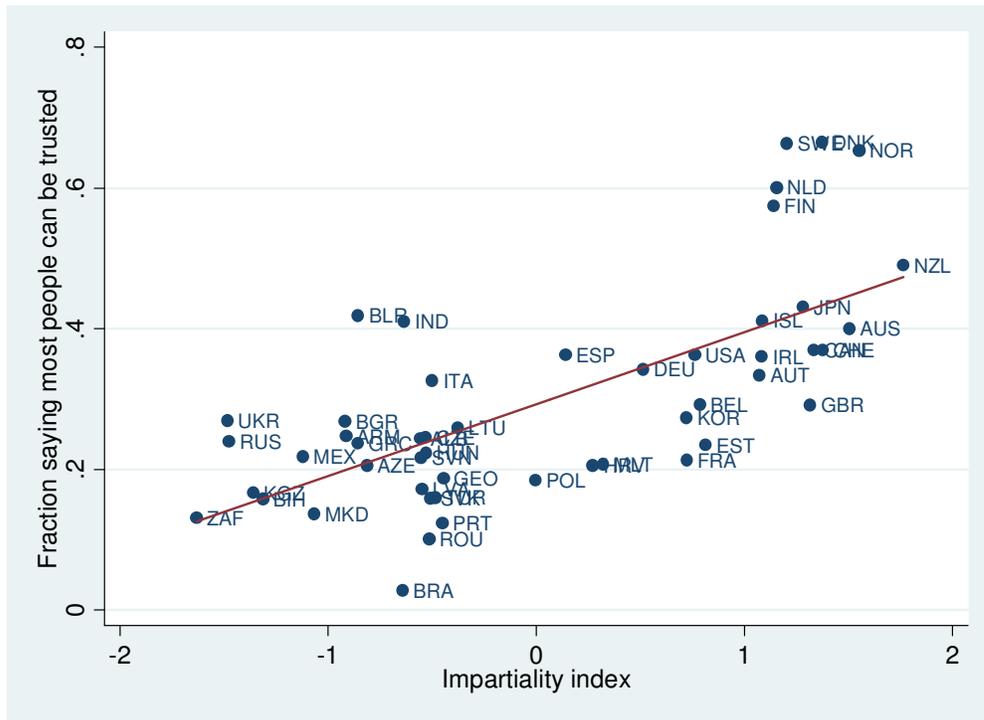
Figure 3. Impartiality and Trust in the Police (conditional)

coef = .20186972, se = .05858684, t = 3.45
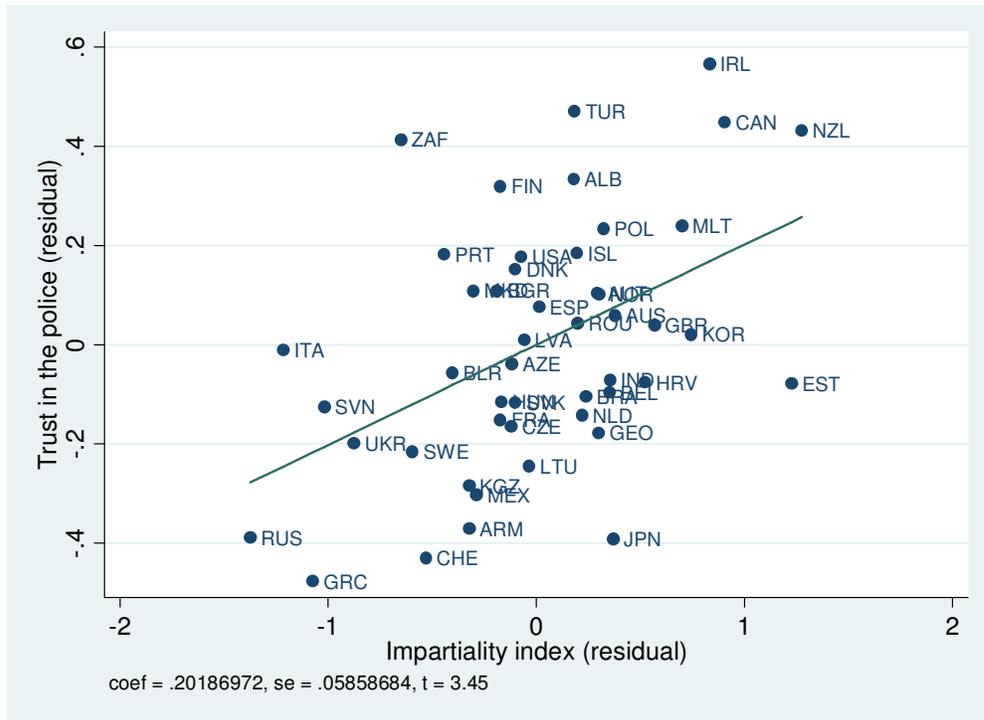
Figure 4. Impartiality and Economic Growth (conditional)

coef = .76987851, se = .26238172, t = 2.93
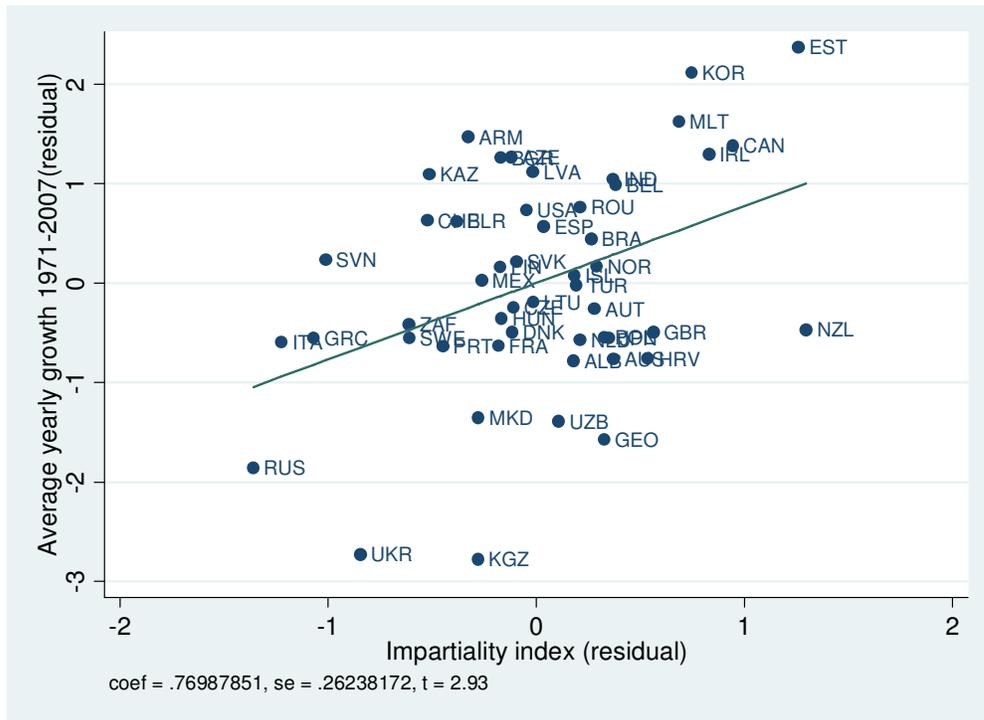
Figure 5. Impartiality and Civil War (conditional)

coef = -.03872217, se = .02013724, t = -1.92
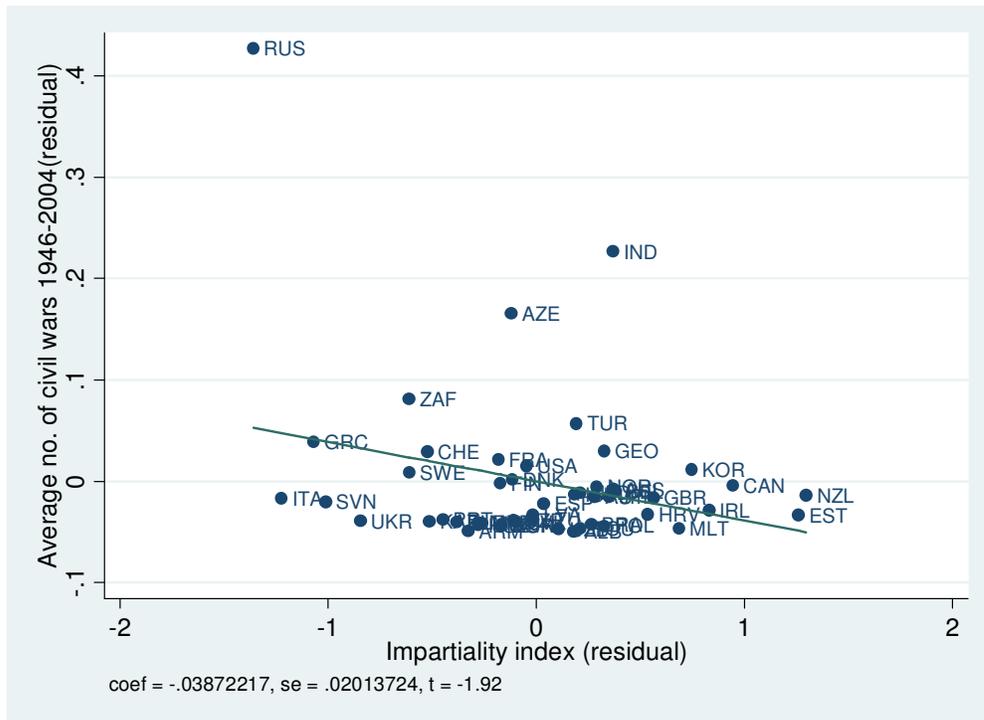
Figure 6a. Impartiality and Life Satisfaction (conditional)

coef = .52493425, se = .20354545, t = 2.58
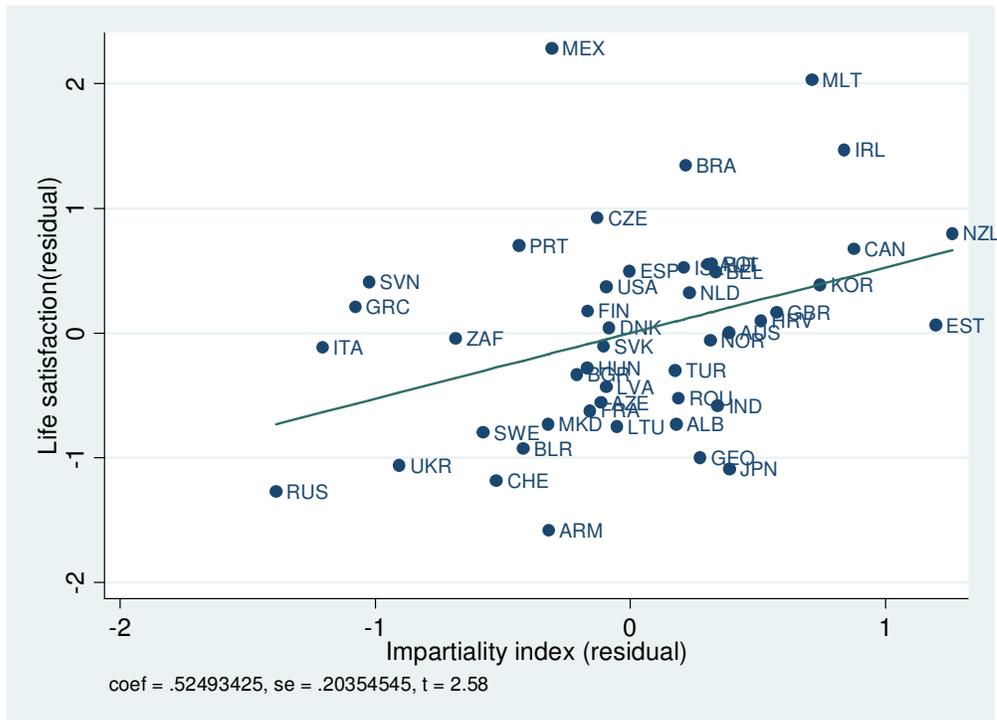
Figure 6b. Government Effectiveness and Life Satisfaction (conditional)

coef = 1.0615478, se = .17212386, t = 6.17
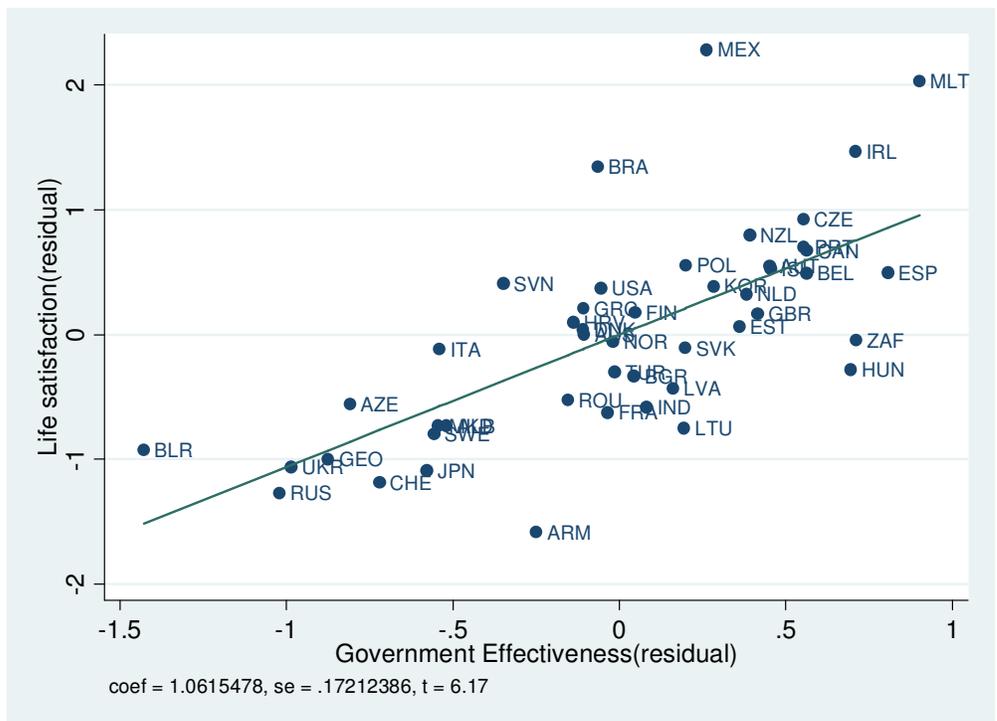
Table 1. Descriptive information

Variable (source)	Mean	Std	Min	Max	*n*
Impartiality index	0	1	−1.63	1.76	52
Government Effectiveness (Kaufman et al. 2008)	.77	1.06	−1.10	2.22	52
Control of corruption (Kaufman et al. 2008)	.62	1.17	−1.08	2.46	52
Rule of Law (Kaufman et al. 2008)	.57	1.07	−1.41	1.94	52
Interpersonal trust (EVS/WVS 2006)	.30	.15	.03	.67	50
Trust in the police (EVS/WVS 2006)	2.56	.35	1.87	3.19	50
Trust in civil service (EVS/WVS 2006)	2.31	.21	1.78	2.70	50
Trust in justice system (EVS/WVS 2006)	2.43	.26	1.93	2.96	48
Growth 1971-2007 (UNSD 2008)	2.41	1.56	−1.36	8.92	52
Civil Conflict 1946-2004 (Gleditsch et al. 2002)	.07	.14	0	.71	52
Civil War 1946-2004 (Gleditsch et al. 2002)	.03	.08	0	.46	52
Life satisfaction (EVS/WVS 2006)	6.59	1.21	4.32	8.24	49
Years lived happy (Veenhofen 2007)	46.1	11.8	24.8	63.9	51
GDP per capita at starting year (UNSD 2008)	6815	6377	251	27348	52
Gross Tertiary Education Enrollment (UNESCO 2007)	49.05	20.30	10.97	85.00	50
Ethnolinguistic Fractionalization (Alesina et al. 2003)	.30	.21	.00	.75	52

Note: Data for the impartiality index has been collected through the QoG Institute QoG Survey (Teorell et al. 2008). All other variables are from the Quality of Government Dataset (Teorell et al. 2009), except the trust variables and the UNESCO data on enrollment, which are from the QoG Social Policy Dataset (Samanni et al. 2008).

Table 2. Interpersonal and institutional trust

	Impartiality	Effectiveness	Corruption	Rule of Law	*n*
Without controls:					
Interpersonal trust	.68***	.60***	.66***	.60***	50
Trust in the police	.72***	.69***	.77***	.72***	50
Trust in justice system	.41***	.28*	.38***	.34**	48
Trust in civil service	.46***	.42***	.41***	.41***	50
With controls:					
Interpersonal trust	.18	–.08	.04	–.07	48
Trust in the police	.47***	.45***	.58***	.47***	48
Trust in justice system	.27*	.05	.15	.10	46
Trust in civil service	.39***	.33**	.34**	.33**	48
Interpersonal trust when controlling for:					
Trust in the police	.49***	.37***	.45***	.36**	50
Trust in justice system	.60***	.55***	.58***	.52***	48
Trust in civil service	.67***	.58***	.64***	.57***	50

* significant at the .10-level, ** significant at the .05-level, *** significant at the .01-level.

Note: Entries are correlation coefficients (bivariate or partial). Control variables are GDP per capita at starting year, gross tertiary education enrollment and ethnolinguistic fractionalization.

Table 3. Economic growth

	Impartiality	Effectiveness	Corruption	Rule of Law	*n*
Without controls:					
Growth 1971-2007	.06	–.02	.01	.07	52
With controls:					
Growth 1971-2007	.40***	.38***	.33**	.42***	50
With controls, including interpersonal trust:					
Growth 1971-2007	.44***	.41***	.35**	.54***	48

* significant at the .10-level, ** significant at the .05-level, *** significant at the .01-level.

Note: Entries are correlation coefficients (bivariate or partial). Control variables are GDP per capita at starting year, gross tertiary education enrollment and ethnolinguistic fractionalization.

Table 4. Civil war

	Impartiality	Effectiveness	Corruption	Rule of Law	*n*
Without controls:					
Civil War 1946-2004	–.35**	–.33**	–.35**	–.34**	52
Civil Conflict 1946-2004	–.29**	–.30**	–.31**	–.31**	52
With controls:					
Civil War 1946-2004	–.28*	–.22	–.31**	–.27*	50
Civil Conflict 1946-2004	.06	.05	.08	.09	50

* significant at the .10-level, ** significant at the .05-level, *** significant at the .01-level.

Note: Entries are correlation coefficients (bivariate or partial). Control variables are GDP per capita at starting year, gross tertiary education enrollment and ethnolinguistic fractionalization.

Table 5. Subjective well-being

	Impartiality	Effectiveness	Corruption	Rule of Law	*n*
Without controls:					
Life satisfaction	.72***	.84***	.86***	.84***	49
Years lived happy	.79***	.85***	.88***	.86***	51
With controls:					
Life satisfaction	.37**	.69***	.71***	.68***	47
Years lived happy	.41***	.61**	.64***	.63***	49
With controls, including interpersonal trust, growth & civil war:					
Life satisfaction	.25	.63***	.66***	.61***	47
Years lived happy	.33**	.59***	.60***	.62***	50

* significant at the .10-level, ** significant at the .05-level, *** significant at the .01-level.

Note: Entries are correlation coefficients (bivariate or partial). Control variables are GDP per capita at starting year, gross tertiary education enrollment and ethnolinguistic fractionalization.