



'Understanding Governance Virtuous Circles. Who succeeded and why'

Workshop Hertie School of Governance, 8-11 July, 2015 *Summary concept paper*

Why do some societies manage to control **extraction of public resources in favour of particular interests**, so that it only manifests itself occasionally, as an exception (corruption), while others societies do not and remain systemically corrupt? Is the superior performance of the first group of countries a result of what they *do*, or of who they are? Explaining the difference in economic performance across countries by some **governance virtuous circles** is tempting, except that such virtuous circles need explaining themselves. The EU FP7 ANTICORRP project seeks to fill this gap by studying the evolution of governance from particularism to ethical universalism and open access order. We do not conceive particularism as a social 'malady' to be eradicated, or as a deviation (as corruption is usually described), but rather as a default governance regime. People naturally favour their own, be it family, clan, race or ethnic group; treating the rest of the world fairly seems to be a matter of extensive social evolution and sufficient resources. Very few societies have evolved from this natural state of affairs to produce a state which can be expected to treat everyone equally and fairly, and to put public interest above private one, when entrusted with the management of common resources.

The 2015 workshop is the third in a series which started with a roundtable discussion "The global state of corruption control: who succeeds, who fails and what can be done about it", held at the Hertie School of Governance (18 October 2012). A general research question put forward at that time was: What determines the positive evolution from one governance regime to another and can this be influenced by human agency in the medium term? Hertie researchers scrutinized the evolution of data from the Worldwide Governance Indicator (WGI) Control of Corruption, published by the World Bank for the period 1996-2011. The analysis took into consideration data from 196 countries, and found that for the vast majority of them, efforts to control corruption have stagnated.

Based on the findings of this quantitative analysis, ANTICORRP researchers identified outliers that served as cases to systematically study the transition from systemic corruption to more impartial government. In an initial workshop, 13 country background reports and 5 regional comparison reports were presented in Hamburg (25-27 October 2013). The country reports provided the basis for a deep and thorough understanding of the context and magnitude of corruption in the respective countries. Furthermore, they helped to identify cases which should be analyzed by means of a process tracing in the final stage of the project. The selected cases are Estonia, Chile, Costa Rica, Taiwan, South Korea, Uruguay and Georgia. The discarded cases were Botswana, Rwanda, Qatar, Poland, Croatia and Bulgaria.

The ANTICORRP project is about how societies reach the point when ethical universalism (equal and fair treatment for everyone) becomes the norm and particularism (its opposite) the exception in regard to how public affairs are run and public resources are allocated. It

asks primarily what lessons we have learned from historical and contemporary experiences of developing corruption control that can help policymakers and civil societies in steering and expediting the process.

The main question addressed is what explains the success of highlighted achievers. Despite having a strong correlation between human development index (as a proxy for previous development) and control of corruption, these countries are among those who strongly over-perform their structural conditions, as some historical achievers (for instance, Denmark or Sweden) also do. We presume that this performance, superior to structural factors, is the result of human agency making best use of critical junctures and favourable contingencies, but what it consists of and how it comes about remains largely unknown. We ask:

1. *The development question:* What was the historical path to this equilibrium we call 'control of corruption' in the few cases (states) where this was reached?
2. *The comparative question:* What are the similarities and the differences across these paths and what explains them?
3. *The policy question:* Are there any policies which can prompt such developments, and who are the credible actors to implement them?

To answer these questions, governance country experts in our team have performed comparisons of each case study against their continent and process tracing of each transformation to understand the dynamics of the equilibrium change as well as to highlight its political economy. Process tracing allows us to check on some of the most difficult causality problems in institutionalism, for instance if political reforms preceded sustainable growth or the other way around. We are also undertaking a comparison across change trajectories focusing on transformation paths, contingencies, tipping points, drivers of change and their strategies. Good governance seems to need both altruistically inclined and utility minded people in some virtuous combination. The intellectual background of the main characters of these successful transformations (people like Eduardo Frei Montalva or Mart Laar), their strategies to build collective action, forge alliances across groups and take advantage of windows of opportunity to generate or sustain a virtuous circle are seldom studied but are of chief interest to us. We try to build a narrative on human agency within the 'virtuous circle' framework. A virtuous circle does not come from ether; it is brought about by a successful combination of people who advance the right goals at the right moment.

The expected outcomes of our workshop are:

1. An edited book including the process tracing case studies with also conceptual, comparative and lessons learned chapters to be published by Cambridge University Press.
2. A policy paper on successful strategies to build a critical mass and initiate a virtuous circle based on the panel of countries studied.
3. An inspirational narrative on human agency behind the success of ethical universalism in governance, to serve as a basis for a documentary film (How They Did It) which will be completed by a filmmaker contracted by the dissemination work package of the project. We may ask you to be kind enough to let yourself be filmed and interviewed during the workshop.