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The Need for Policy Coherence
and New Partnerships



**Assessment of Governance Quality in Europe and
Latin America: What is Different?**

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Abstract

The paper presents analysis of different issues regarding the quality of governance, using the findings of the Executive Opinion Survey, conducted by the World Economic Forum and published in the Global Competitiveness Report 2007/2008. The main tool for analyzing the governance quality in the countries under review was the "Institution pillar" (index). Data for altogether 40 countries were analyzed, 20 from Latin America and 20 from a virtual group named „developing Europe“. Country-level data were aggregated on the country-group level using weighted averages and analyzed using standard statistical indicators.

For both country groups that the "Institutions" rank is significantly worse than the overall competitiveness rank. In developing Europe, weighted average position is as low as 102,2, while in Latin America stood at 97,9. It seems that institutions quality is really the issue significantly hindering competitiveness for both country groups, which is more pronounced in Europe. Situation in Europe is strikingly bad for *Property rights* and slightly better in Latin America, but still not well. In *Ethics and corruption* the situation is near to a catastrophe in Latin America and somewhat better regarding corruption in Europe. *Undue influence* is virtually the same for both country groups while with *Government inefficiency* situation is very bad, particularly for regulatory burden in Latin America and transparency of government policy in Europe. For *Security* situation is alarming for Latin America and rather bad in Europe. However, situation regarding terrorism is somewhat better in Latin America and crime in violence is better controlled in developing Europe. *Corporate ethics* is very unpleasant in Europe and significantly better in Latin America. Within *Accountability*, efficacy of boards and auditing is relatively well while protection of minority shareholders is a very significant problem in developing Europe.

Smaller countries seem to have better institutions, while the larger are more complicated to "manage" through institutional framework. On the level of indicators, significant negative correlation with property rights, corruption for public funds, trust of politicians and efficiency of legal framework. Structural similarity between the two country groups is rather low with each facing specific problems in most of the issues of governance quality.

Introduction – methodology and country sample

The World Economic Forum has been analysing competitiveness of a large number of countries for nearly three decades. In the year 2004, WEF introduced a new index i.e. the Global Competitiveness Index (GCI), which was significantly modified in 2007. This index shall serve as a comprehensive measure for benchmarking competitiveness of different countries.

The index is composed of 12 *pillars of competitiveness*:

- Institutions
- Infrastructure
- Macroeconomic stability
- Health and primary education
- Higher education and training
- Goods market efficiency
- Labor market efficiency
- Financial market sophistication
- Technological readiness
- Market size
- Business sophistication
- Innovation

This paper is focused on the first pillar i.e. Institutions, using the methodological tool in the composition of this pillar/sub index. It is important to note that this index measures perception of the quality of institutions i.e. on the level of results as perceived by the business community. It is not based on „hard“ number, but on the survey data.

The institutional framework is very important for the business community and, ultimately, on the overall quality of life. The link between quality of institutions and economic growth had been repeatedly studied. The link is most evident in investment decisions whereby investors take into account quality of institutions as a very important factor for the ease of doing business and when assessing overall risks of future business conduct.

Firms are keen to invest in countries with high ownership protection, legal framework that is efficient and well developed public services without burdensome bureaucracy, regulation and corruption. It is important that government policies are transparent, judiciary does not hinder business and there is strong protection against crime and fraud. Apart from that, certain institutional aspects within the „private institutions“ framework are also very important.

Developed auditing, high business ethics and control of management by boards and small investors have proven to be the cornerstones of the transparency of business sector operation. Based on the regression to the differences in growth rates and experience of the WEF, the Institutions pillar is composed of 75% of the public institutions and 25% of private institution sub-indexes. Public institutions sub-index is composed of 5 factors, each with the same weight contribution to the main sub-index. These are: property rights, ethics and corruption, undue influence, government inefficiency and security. Private institution sub-index is composed of two equally weighted factors i.e. corporate ethics and accountability. Each of the mentioned 7 factors is composed of one or more (up to four) survey indicators. There are altogether 18 survey indicators within the Institutions pillar, composed as follows:

1st pillar: Institutions

A. Public institutions	75%
1. Property rights.....	20%
1.01 Property rights	
1.02 Intellectual property protection	
2. Ethics and corruption.....	20%
1.03 Diversion of public funds	
1.04 Public trust of politicians	
3. Undue influence.....	20%
1.05 Judicial independence	
1.06 Favoritism in decisions of government officials	
4. Government inefficiency	20%
1.07 Wastefulness of government spending	
1.08 Burden of government regulation	
1.09 Efficiency of legal framework	

- 1.10 Transparency of government policymaking
- 5. Security.....20%
- 1.11 Business costs of terrorism
- 1.12 Business costs of crime and violence
- 1.13 Organized crime
- 1.14 Reliability of police services
- B. Private institutions25%**
- 1. Corporate ethics50%
- 1.15 Ethical behavior of firms
- 2. Accountability.....50%
- 1.16 Strength of auditing and reporting standards
- 1.17 Efficacy of corporate boards
- 1.18 Protection of minority shareholders' interests

A sample of countries was created, limited to the countries included in the 2007/2008 GCR. Following the aim of this paper, all the Latin American and European countries with GDP per capita below 20.000 USD were included. In order to reduce the number of sample countries to 20, the Latin American countries with population less than 1 mln were left out (Guyana, Suriname and Barbados).

The European countries within sample have population of 317,2 mln, total GDP od 2.103 USD billion and average 7.691 GDP per capita. Latin American countries within sample have 540,9 mln population, 2.923 USD billion GDP and average 4.596 USD per capita GDP (Table 1).

TABLE 1: Country sample: Basic data

	population	GDP (mln USD)	GDP per capita		population	GDP (mln USD)	GDP per capita
Moldova	4,2	3.242	772	Nicaragua	5,6	5.369	959
Ukraine	46,0	106.072	2.306	Bolivia	9,4	10.828	1.152
Bosnia and Herz.	3,9	11.396	2.922	Honduras	7,4	8.981	1.214
Albania	3,1	9.133	2.946	Paraguay	6,3	8.773	1.393
Macedonia, FYR	2,0	6.248	3.124	El Salvador	7,0	18.341	2.620
Montenegro	0,6	2.258	3.763	Guatemala	12,9	35.304	2.737
Bulgaria	7,7	30.608	3.975	Colombia	46,3	135.075	2.917
Serbia	7,4	31.589	4.269	Ecuador	13,4	40.447	3.018
Romania	21,6	121.901	5.644	Peru	28,4	93.268	3.284
Russian Federation	142,5	979.048	6.871	Dominican Republic	9,0	31.600	3.511
Latvia	2,3	19.621	8.531	Jamaica	2,7	10.565	3.913
Lithuania	3,4	29.784	8.760	Costa Rica	4,4	21.384	4.860
Poland	38,5	338.689	8.797	Panama	3,3	17.113	5.186
Croatia	4,6	42.456	9.230	Argentina	39,1	212.702	5.440
Slovak Republic	5,4	54.969	10.179	Uruguay	3,5	19.221	5.492
Hungary	10,1	114.273	11.314	Brazil	188,9	1.067.706	5.652
Estonia	1,3	16.410	12.623	Venezuela	27,2	181.608	6.677
Czech Republic	10,2	141.801	13.902	Mexico	108,3	840.012	7.756
Malta	0,4	6.085	15.213	Chile	16,5	145.205	8.800
Slovenia	2,0	37.340	18.670	Trinidad and Tobago	1,3	19.935	15.335
TOTAL	317,2	2.102.923	7.691	TOTAL	540,9	2.923.437	4.596

Source: WEF(2007)

On average, European countries were placed at 65th position are out of 131 countries according to the Global Competitiveness Index. This position is by 6,6 places worse than if listed by descending order of the GDP per capita. The best performing country is Estonia, with the 27th place, 14 positions better than the place of this country according to GDP per capita. Worse ranked is Albania, at the 109th place, underperforming the GDP level by full 30 positions.

Accordingly, Latin American countries were placed at the 81th position on the overall competitiveness list, which is as much as 10,3 places worse than if ranked by GDP per capita. This indicates that in Latin America competitiveness is perceived and measured to be significantly lower than in the rest of the world. The best performing country is Chile, on the

26th, which is 20 positions better than the place of this country according to GDP per capita. Worse ranked is Paraguay, gaining ranked at the 121th place. However, the most underperforming countries are Venezuela, Suriname and Trinidad and Tobago, with competitiveness worse than overall economic development by more than 45 places.

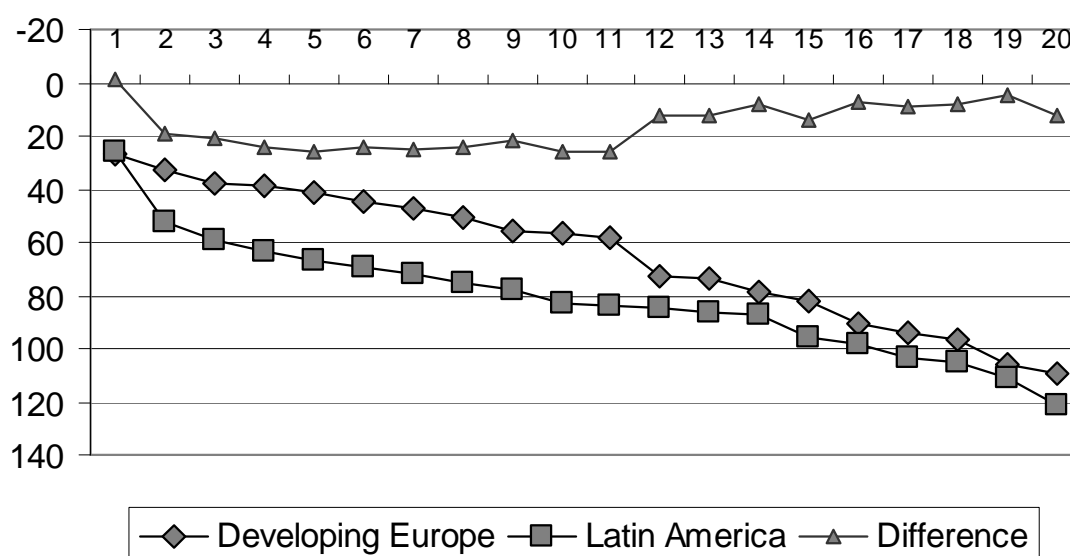
TABLE 2: Ranking according to GCR and GDP per capita

COUNTRY	rank GDP per capita	rank GCR	Difference	COUNTRY	rank GDP per capita	rank GCR	Difference
Estonia	41	27	14	Chile	46	26	20
Moldova	110	97	13	El Salvador	83	67	16
Ukraine	86	73	13	Honduras	98	83	15
Lithuania	48	38	10	Colombia	81	69	12
Czech Republic	38	33	5	Panama	63	59	4
Latvia	49	45	4	Costa Rica	65	63	2
Slovak Republic	44	41	3	Mexico	51	52	-1
Poland	47	51	-4	Guatemala	82	87	-5
Hungary	42	47	-5	Bolivia	99	105	-6
Russian Federation	52	58	-6	Nicaragua	102	111	-9
Slovenia	32	39	-7	Jamaica	69	78	-9
Bulgaria	68	79	-11	Peru	73	86	-13
Montenegro	70	82	-12	Brazil	56	72	-16
Croatia	45	57	-12	Uruguay	58	75	-17
Romania	57	74	-17	Dominican Republic	71	96	-25
Macedonia, FYR	75	94	-19	Argentina	59	85	-26
Malta	37	56	-19	Paraguay	94	121	-27
Serbia	66	91	-25	Ecuador	76	103	-27
Bosnia and Herz.	80	106	-26	Venezuela	53	98	-45
Albania	79	109	-30	Trinidad and Tobago	36	84	-48
EUROPE	58,3	64,9	-6,6	LATIN AMERICA	70,8	81,0	-10,3

Source: WEF(2007)

The range between the best ranked countries in both groups is striking i.e. from 27th place (Estonia) to 109th (Albania) within Europe and from 26th (Chile) to 121st (Paraguay) in Latin America. The difference between the pairs of the countries is rather large for the places 2nd to 11th (20 places or more) and the gap narrows for the lower ranked countries. It seems like there exists a virtual “North” and “South” for both country groups and the border line is at the 60th place in the competitiveness ranking for Europe and at 80th for Latin America. Approximately half of the countries from both continents seem to belong to each group. (Figure 1).

FIGURE 1: Overall GCI ranking: Developing Europe and Latin America



As this paper is focused on the quality of institutions, it would be very important to show the rankings for the Institutions pillar, as compared to the overall ranking. It is common to both country groups that the “Institutions” rank is significantly worse than the overall competitiveness rank. In Europe, the (simple) average difference is striking 15 places, while in Latin America still high 12 places. However, while the largest countries have worse institutions ranking, the weighted (by population) average is significantly lower. In Developing Europe, weighted average position is as low as 102,2, which is lower by overall average rank by striking 40,6 positions. In Latin America weighted average of the institutions rank is also very low i.e. 97,9, which is 25,5 positions worse than the overall average rank. It seems that institutions quality is really the issue significantly hindering competitiveness for both country groups, which is more pronounced in Europe. Nonetheless, it is worth noting that the weighted average rank of both country groups is virtually the same!

There are only 5 countries out of total, which are ranked better by the Institutions pillar than by the overall competitiveness ranking. In Europe, Malta is leading with Institutions pillar ranked 25 places better than the overall. The only further European country with positive difference is Montenegro, although with only 4 positions difference. In Latin America clear positive difference is present in Uruguay (29 positions), Costa Rica (11) and in Nicaragua (3 positions, with very low both rankings).

All the other countries lag behind in the institutions ranking, compared to the overall ranking. On the bottom of the list there are Ukraine, Russian Federations, Brazil, Venezuela, Mexico and Argentina. While these are generally large countries, one may propose a hypothesis that smaller countries seems to have better institutions, while the larger are more complicated to “manage” through institutional framework. However, in a number of smaller countries institutions also seem to be a bottleneck for the overall competitiveness (Table 3).

TABLE 3: Ranking according to GCR and Institutions pillar

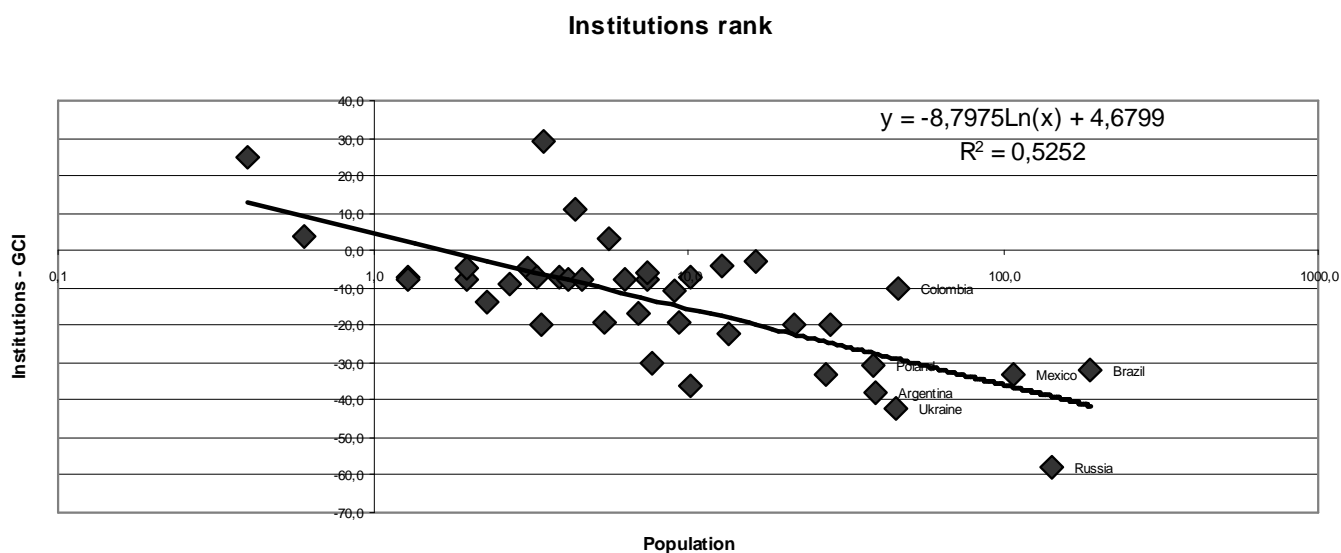
COUNTRY	GCI rank	Institutions	Difference	COUNTRY	GCI rank	Institutions	Difference
Malta	56	31	25	Uruguay	75	46	29
Montenegro	82	78	4	Costa Rica	63	52	11
Albania	109	114	-5	Nicaragua	111	108	3
Slovenia	39	44	-5	Chile	26	29	-3
Bosnia and Herz.	106	113	-7	Guatemala	87	91	-4
Hungary	47	54	-7	Honduras	83	89	-6
Estonia	27	34	-7	Panama	59	66	-7
Moldova	97	105	-8	Paraguay	121	129	-8
Macedonia, FYR	94	102	-8	Trinidad and Tobago	84	92	-8
Serbia	91	99	-8	Jamaica	78	87	-9

Croatia	57	65	-8	Colombia	69	79	-10
Latvia	45	59	-14	Dominican Republic	96	107	-11
Slovak Republic	41	60	-19	El Salvador	67	84	-17
Romania	74	94	-20	Bolivia	105	124	-19
Lithuania	38	58	-20	Peru	86	106	-20
Bulgaria	79	109	-30	Ecuador	103	125	-22
Poland	51	82	-31	Venezuela	72	104	-32
Czech Republic	33	69	-36	Mexico	52	85	-33
Ukraine	73	115	-42	Argentina	85	123	-38
Russian Federation	58	116	-58	LATIN AMERICA (avg)	81,0	92,9	-11,9
EUROPE (avg)	64,9	80,1	-15,2	- weighted average	72,4	97,9	-25,5
- weighted average	61,6	102,2	-40,6				

Source: WEF(2007)

The mentioned hypothesis was tested using simple linear regression on the (logarithm of) population to the Institutions rank. Indeed, there seems to be a rather strong negative correlation between the two variables, explaining more than 50% of variance. (Figure 2)

FIGURE 2:



3. Detailed analysis

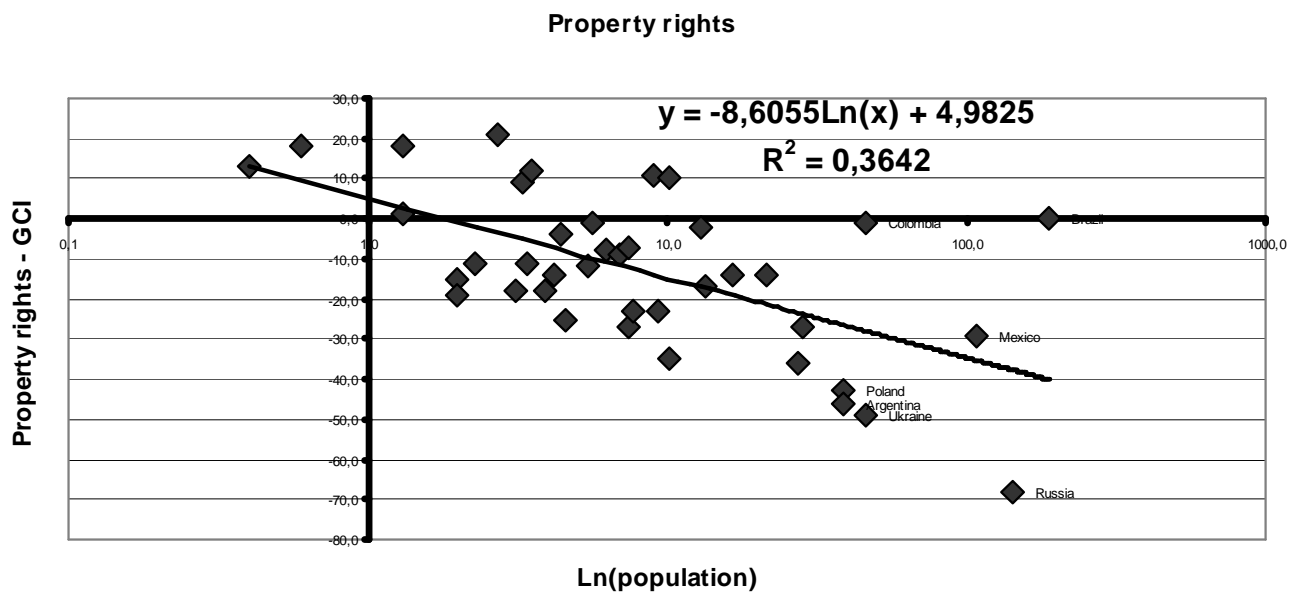
A. Public institutions

Property rights are assessed using survey questions on the protection of property rights (1) and protection of intellectual property (2). Situation in Europe is strikingly bad and slightly better in Latin America, but still not well.

1.01 Property rights

The perception of the protection of property rights in developing Europe is very unsatisfactory with average rank as low as 108,9, full 47 position worse than the overall average rank. The average rank for Latin America is slightly better than in Europe, which means also very low position. The negative correlation with country size is rather significant.

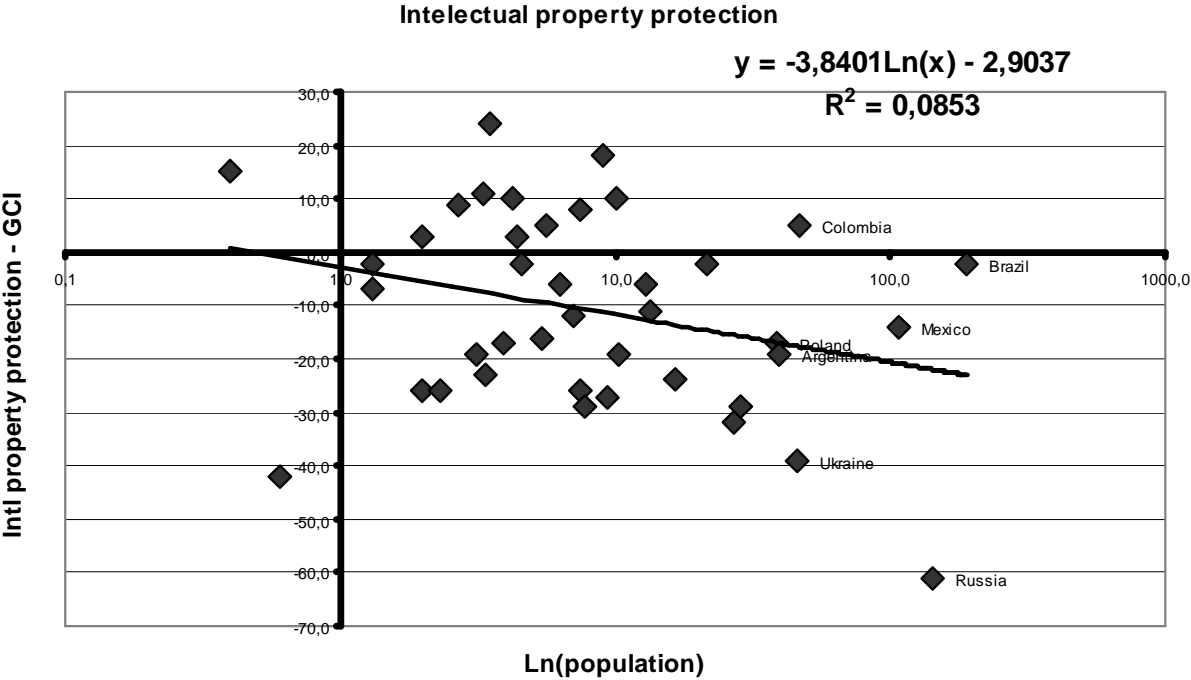
FIGURE 3:



1.02 Intellectual property protection

The perception of the protection of intellectual property in developing Europe is somewhat better than the former indicator, however still very low 99,7. In Latin America situation is perceived to be significantly better with average rank (81,1) only 8,7 position worse than the overall GCI rank. There is no clear correlation with country size.

FIGURE 4:

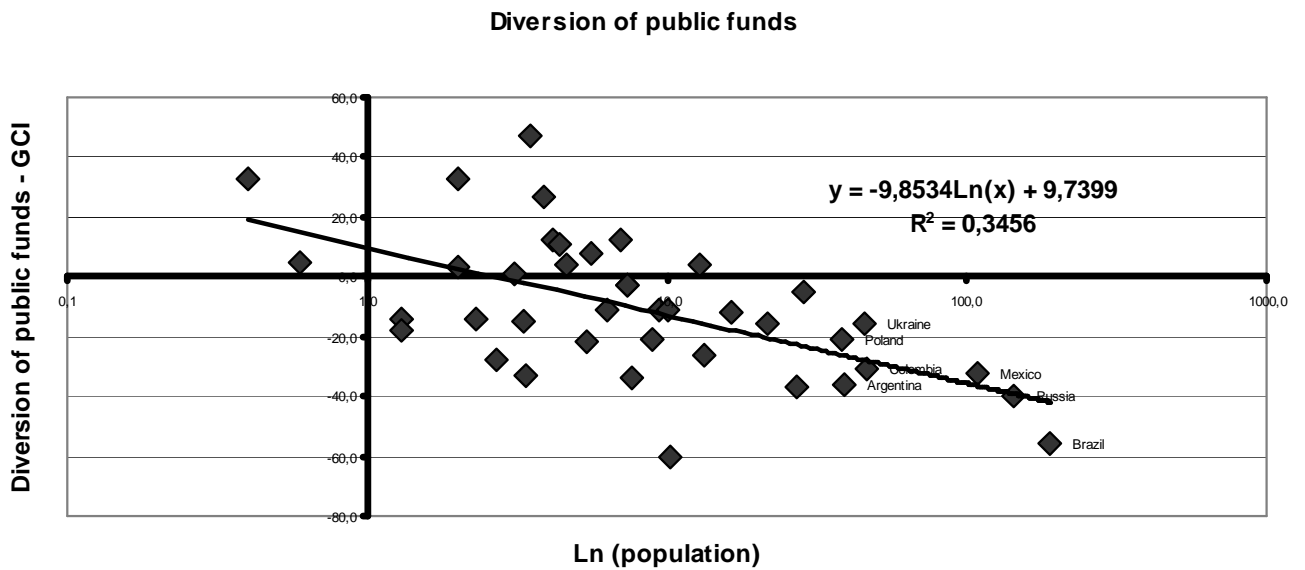


Ethics and corruption is measured by influence on corruption on diversion of public funds (1) and public trust of politicians (2). The situation is near to a catastrophe in Latin America and somewhat better regarding corruption in Europe, however still very much below the overall competitiveness ranking.

1.03 Diversion of public funds

Corruption in order to diverse public funds is one of better factors of public institutions in Europe, if one can say so for the average rank 88,7. In Latin America it is one of the most evident problems, with the average rank of low 107. The negative correlation with country size is rather strong and significant indicating that in larger countries under review it seems to be more difficult to combat corruption.

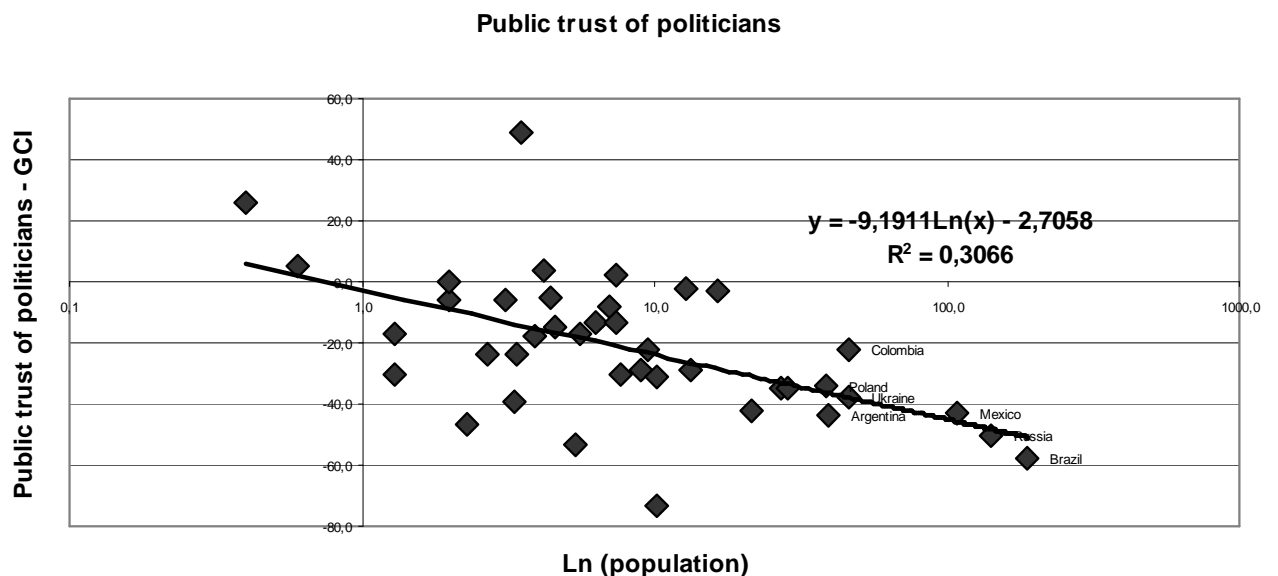
FIGURE 5:



1.04 Public trust of politicians

For both country groups the politicians are not trusted, which is more evident in Latin America (112) while also very low in Europe (103). The correlation with country size is negative and rather significant which is rather interesting indication that in the smaller countries business community is somewhat less „angry“ about politicians.

FIGURE 6:

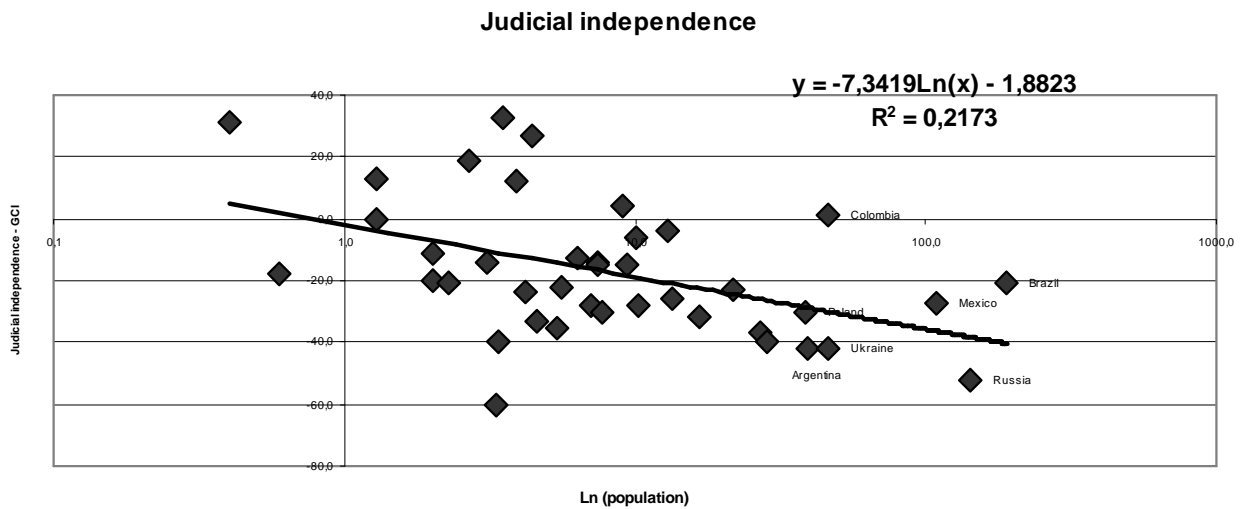


Undue influence is assessed by the judicial independence (1) and favoritism of government officials (2). Both indicators are virtually the same for both country groups, slightly better in Latin America, still very unsatisfactory.

1.05 Judicial independence

This seems also to be very evident problem with average rank 100 for Europe and 95 for Latin America. The negative correlation with country size is not very significant.

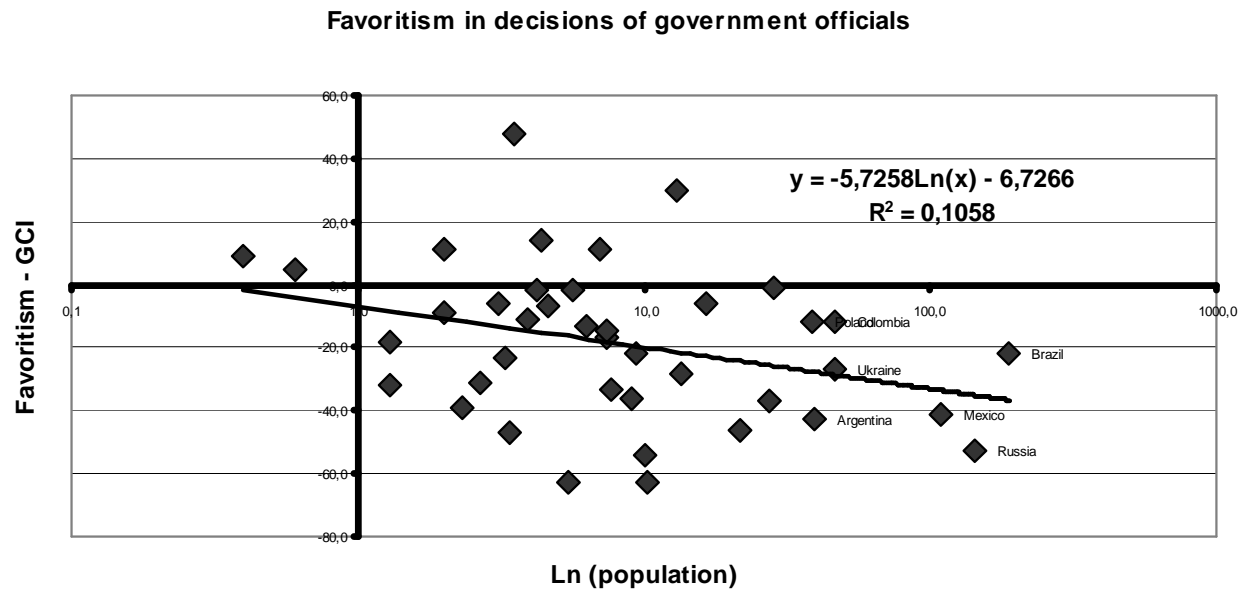
FIGURE 7:



1.06 Favoritism in decisions of government officials

Average ranks are almost identical as in the former indicator i.e. very low: 101 for Europe and 96 for Latin America, which may indicate that the two indicators are thoroughly connected. Again, the negative correlation with country size is not significant.

FIGURE 8:

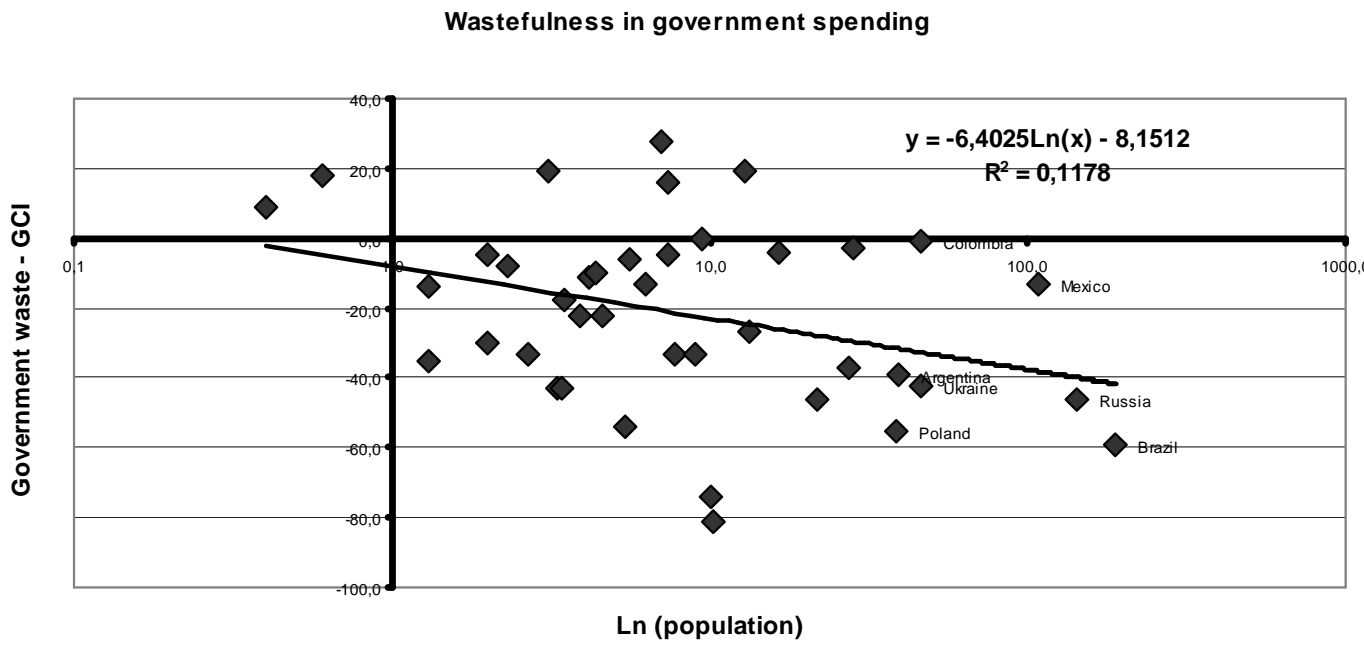


Government inefficiency, measured by perceived „waste“ in public spending (1), burden of regulations (2), legal framework efficiency (3) and government policy transparency (4). Situation is very bad, particularly regarding regulatory burden in Latin America and transparency of government policy in Europe.

1.07 Wastefulness of government spending

There are 3-digit averages for both country groups i.e. 106 for Europe and 102 for Latin America, indicating that public spending are not directed towards improving competitiveness but for social purposes and subsidies. The negative correlation with country size is not significant.

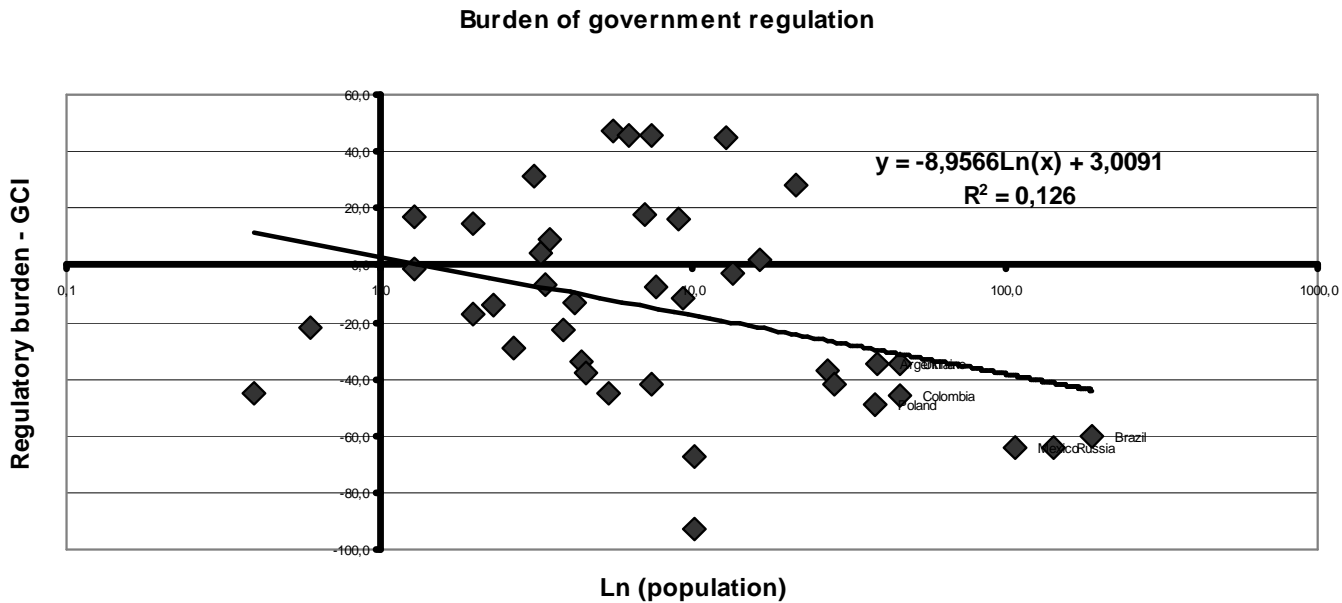
FIGURE 9:



1.08 Burden of government regulation

This is almost the worst ranked indicator both for Europe (107) and Latin America (114). Ever changing, without clear information presented to business community and with little help of local administration, regulation is perceived as overwhelming burden. The negative correlation with country size is not significant.

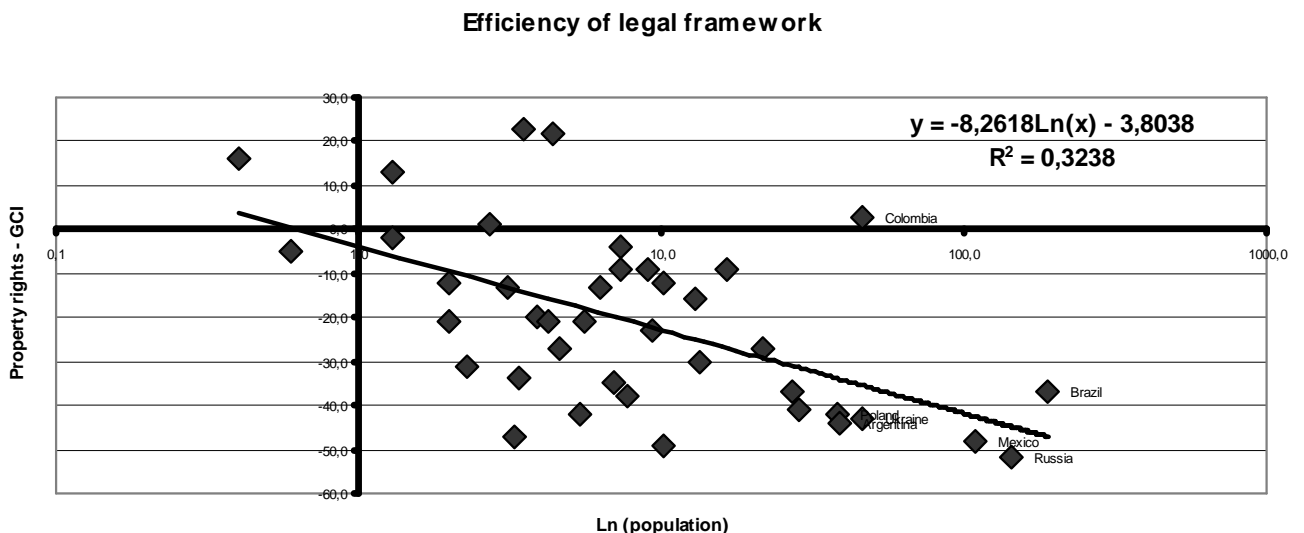
FIGURE 10:



1.09 Efficiency of legal framework

Legal framework efficiency is very low both in Europe (104) and in Latin America (105). The negative correlation with country size is rather significant.

FIGURE 11:

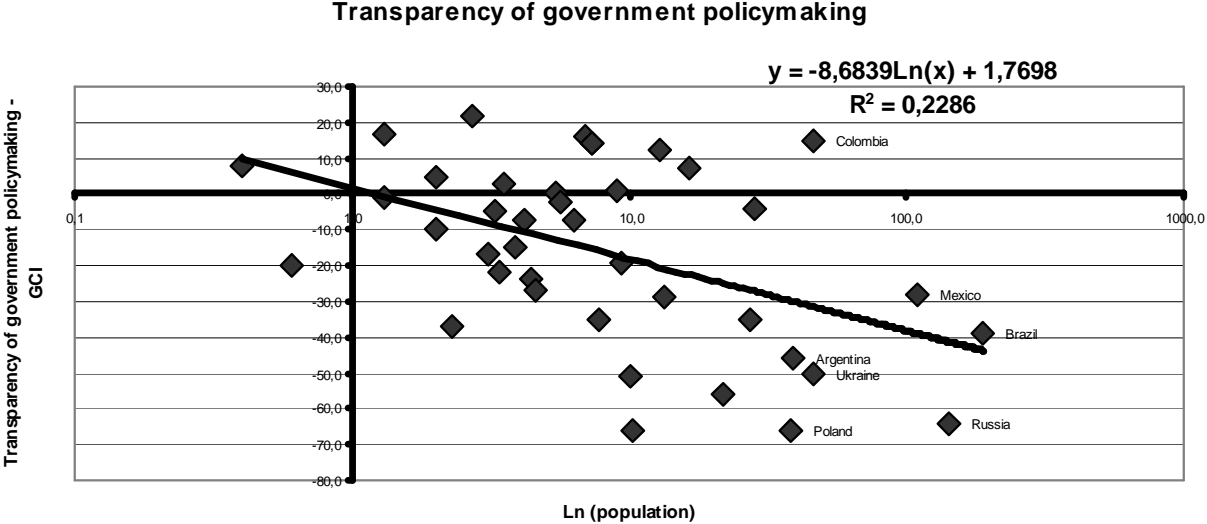


1.10 Transparency of government policymaking

This seems to be the single worst problem for developing Europe with average rank unbelievably low (115), full 53 positions worse than overall competitiveness ranking. In Latin America situation is perceived to be much less bad (96). European countries

under review are not using modern communication skills to present government policies to the business community, and even more – the problem is that regulations are changing and implemented so fast that there is no time to adapt. The negative correlation with country size is not very significant.

FIGURE 12:

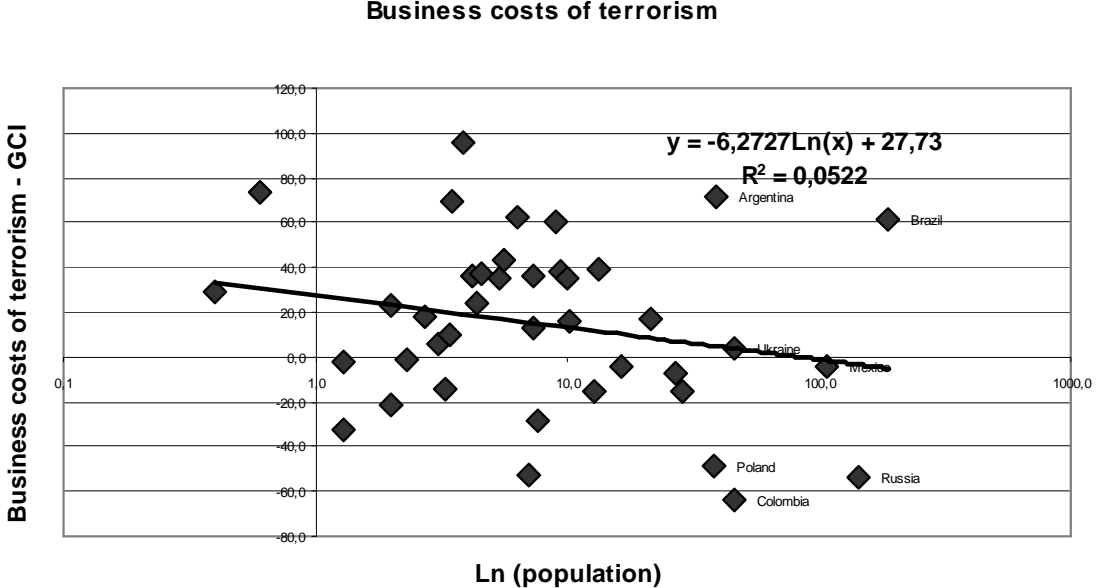


Security is measured by business costs imposed by terrorism (1) crime and violence (2), organized crime (3) and reliability of police. Situation is alarming for Latin America and rather bad in Europe. However, situation regarding terrorism is somewhat better in Latin America and crime in violence is better controlled in developing Europe.

1.11 Business costs of terrorism

Among the analyzed factor, this one is standing the best with a good average rank of 50 in Latin America and 85 in Europe, indicating that terrorism is not perceived as a very significant threat for business. There is no correlation with country size.

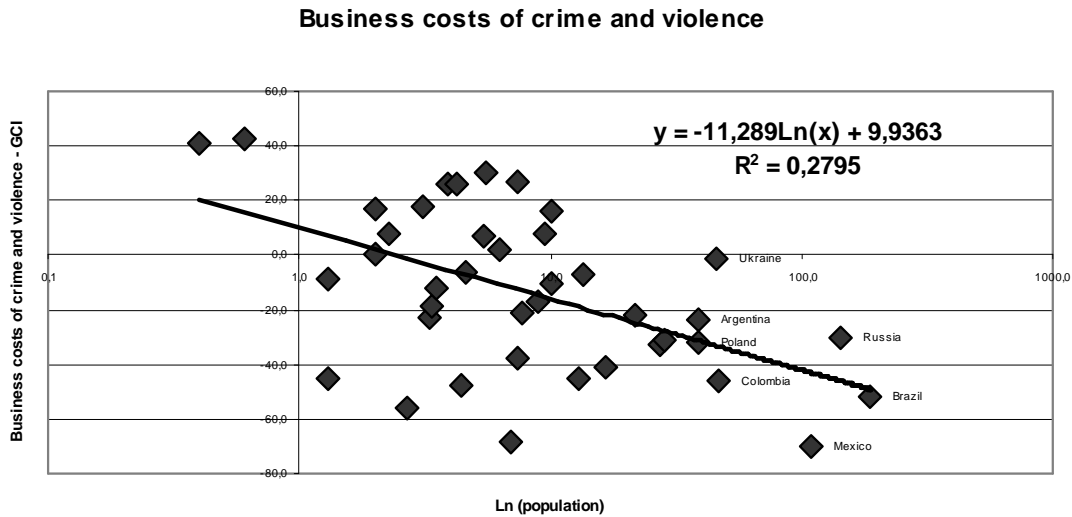
FIGURE 13:



1.12 Business costs of crime and violence

For Latin America situation is very worrisome i.e. average rank is 118 while in Europe much less so with average rank 79. The negative correlation with country size is not very significant.

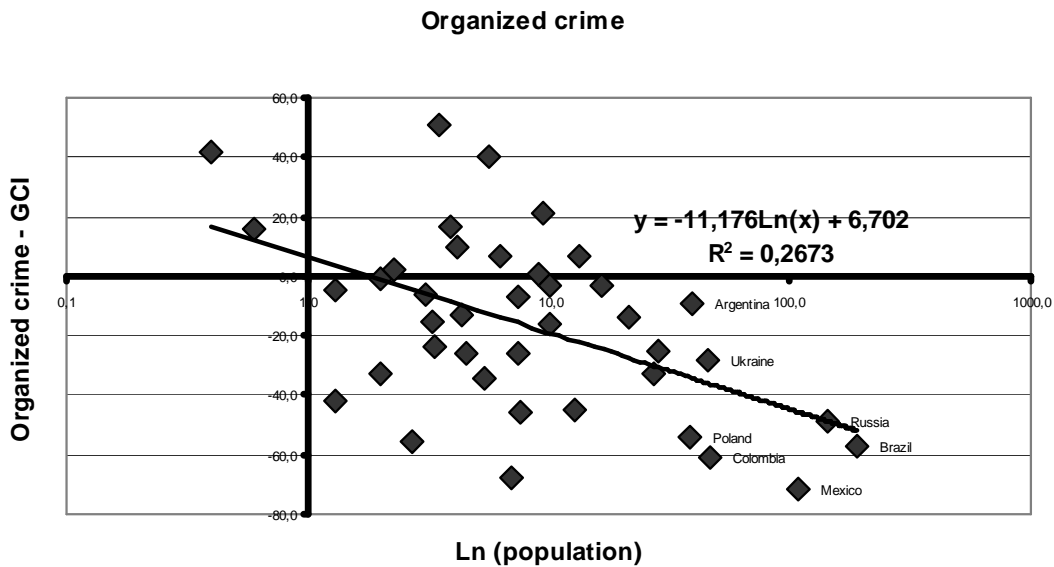
FIGURE 14:



1.13 Organized crime

Almost the same stands as for the previous indicator with virtually identical indicator for Latin America (117) but rather worse in the case of Europe (98). The negative correlation with country size is not very significant.

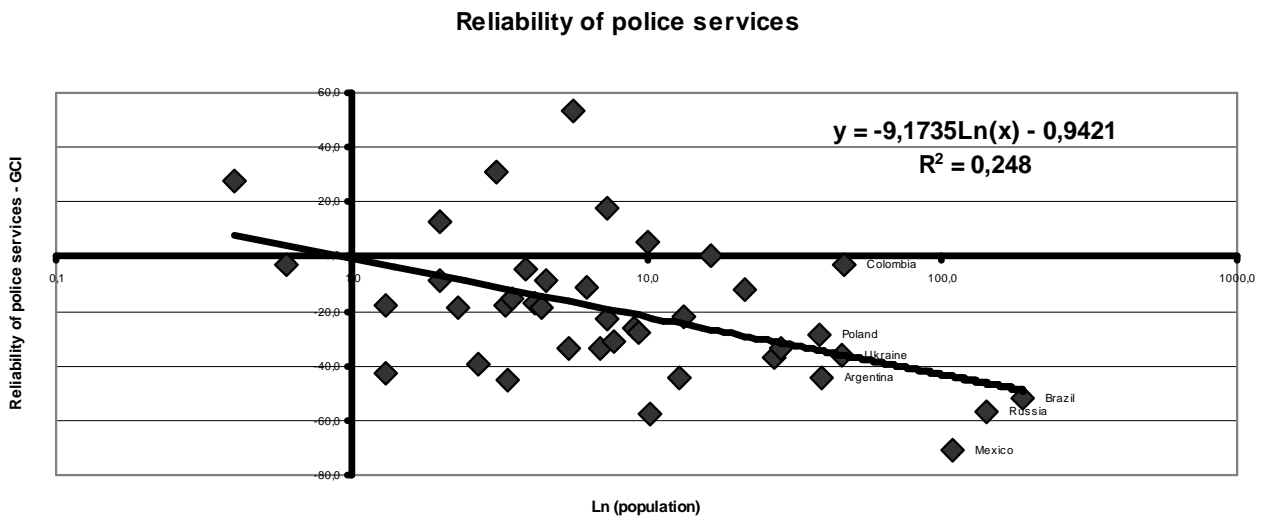
FIGURE 15:



1.14 Reliability of police services

Nothing is very different from the previous two indicators, with average ranks of 100 for Europe and 115 for Latin America. The negative correlation with country size is not very significant.

FIGURE 16:



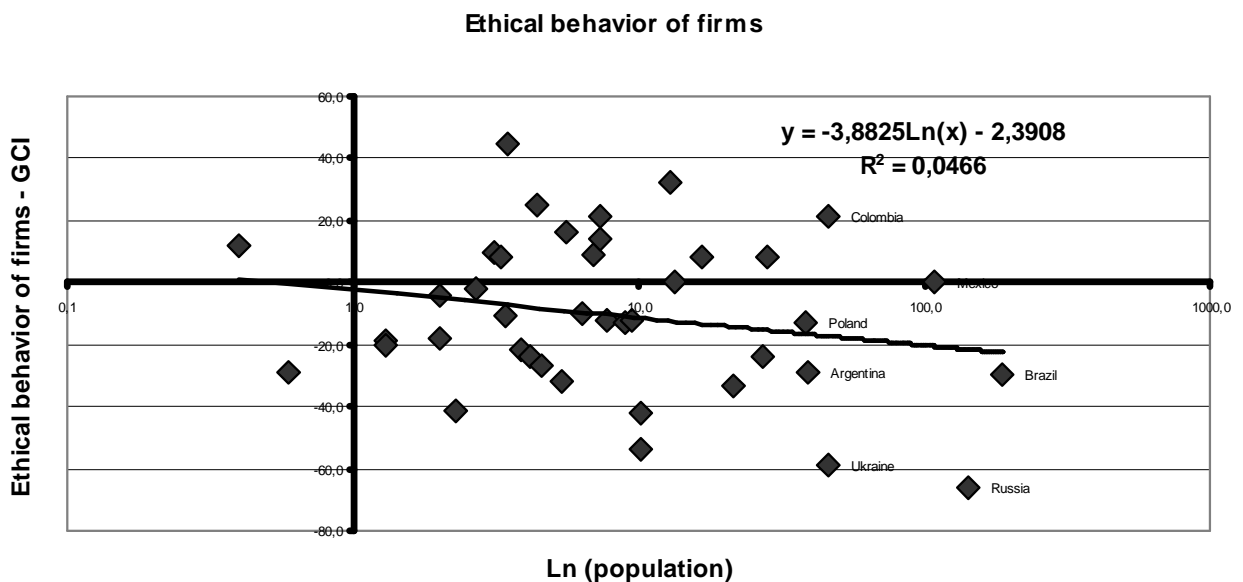
B. Private institutions

Corporate ethics, measured by single survey indicator i.e. ethical behavior of firms.

1.15 Ethical behavior of firms

Situation is very unpleasant in Europe (109) and significantly better in Latin America (82). It is worrying to find out that corporate ethics is such low in developing Europe, meaning that fraud of any kind and rootless profit seeking are still very present. There is no correlation with country size.

FIGURE 17:

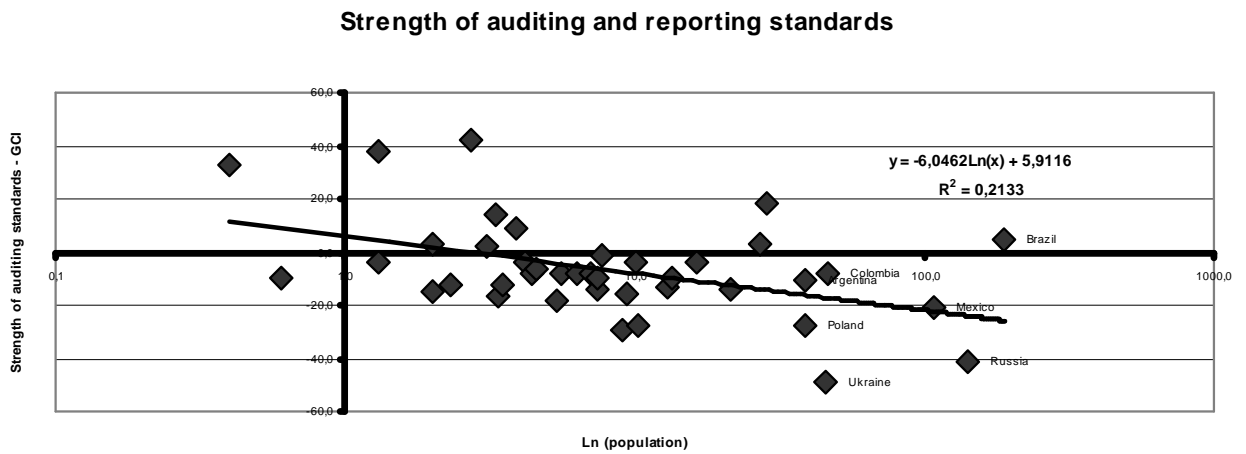


Accountability, measured by auditing standards (1), efficacy of corporate boards (2) and shareholders protection (3). Efficacy of boards seems to be rather well. Other two indicators for Latin America are equal to overall competitiveness while very problematic in Europe, especially protection of minority shareholders.

1.16 Strength of auditing and reporting standards

Situation is bad in Europe (93) while in Latin America similar to overall competitiveness position (77). The negative correlation with country size is not very significant.

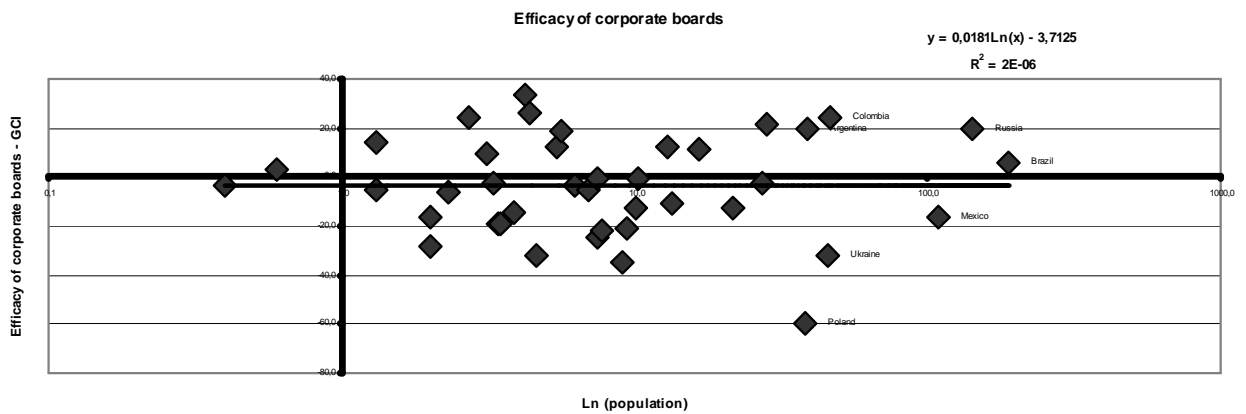
FIGURE 18:



1.17 Efficacy of corporate boards

This is the best indicator within the Institutions pillar, with ranks 67,4 for Europe and 69 for Latin America. There is no correlation with country size.

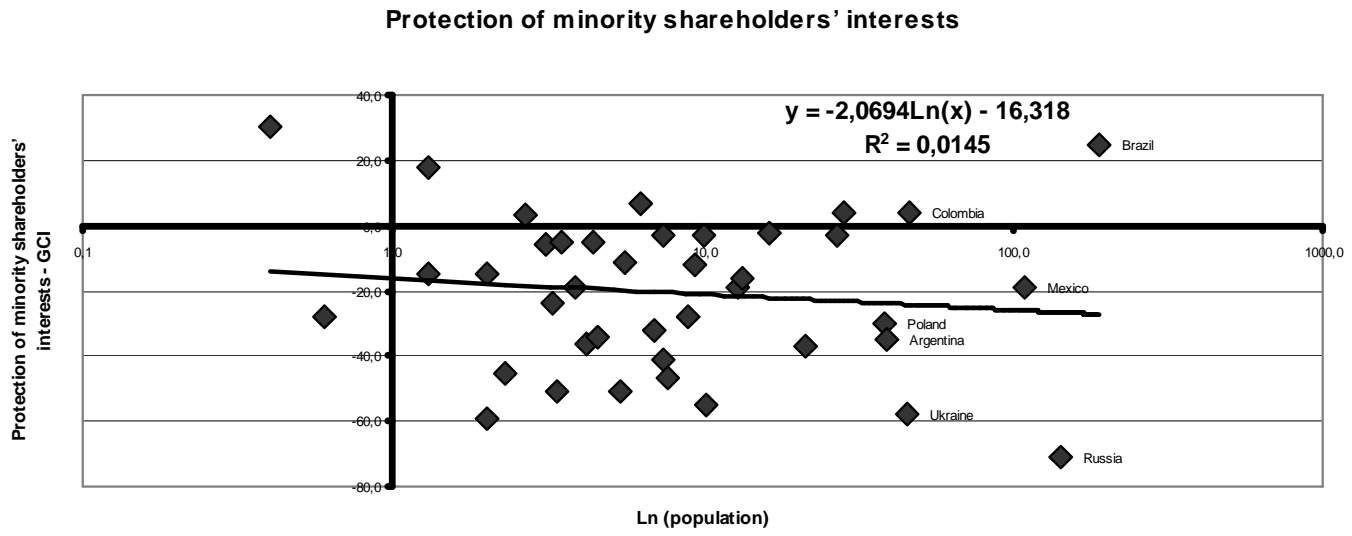
FIGURE 19:



1.18 Protection of minority shareholders' interests

Unlike previous, this issue is on the top of the list of the problematic factors of private institutions quality in Europe (115) while not so perceived as problem in Latin America (72). There is no clear correlation with country size.

FIGURE 20:



3. Summary and conclusions

For both country groups that the “Institutions” rank is significantly worse than the overall competitiveness rank. In developing Europe, weighted average position is as low as 102,2, while in Latin America stood at 97,9. What follows is that the weighted average rank of both country groups is virtually the same! It seems that institutions quality is really the issue significantly hindering competitiveness for both country groups, which is more pronounced in Europe.

A. Public institutions: Situation in Europe is strikingly bad for *Property rights* and slightly better in Latin America, but still not well. In *Ethics and corruption* the situation is near to a catastrophe in Latin America and somewhat better regarding corruption in Europe, however still very much below the overall competitiveness ranking. *Undue influence* is virtually the same for both country groups, slightly better in Latin America, still very unsatisfactory. With *Government inefficiency* situation is very bad, particularly for regulatory burden in Latin America and transparency of government policy in Europe. For Security situation is alarming for Latin America and rather bad in Europe. However, situation regarding terrorism is somewhat better in Latin America and crime in violence is better controlled in developing Europe.

B. Private institutions *Corporate ethics* is very unpleasant in Europe (109) and significantly better in Latin America (82). Within *Accountability*, Efficacy of boards seems to be rather well while auditing is virtually equal to overall competitiveness while protection of minority shareholders is a very significant problem in developing Europe.

There is a significant negative correlation between „Institutions“ pillar and country size, meaning that smaller countries seem to have better institutions, while the larger are more complicated to “manage” through institutional framework. On the level of indicators, significant negative correlation with property rights, corruption for public funds, trust of politicians and efficiency of legal framework. Correlation is less significant for judicial independence, transparency, crime and violence, organized crime and quality of police as well as auditing. These issues seem to require more effort in larger countries. Main findings are summarized in Table 4.

TABLE 4: Summary of main findings

	Average rank		Difference to GCI rank		Regression to country size R ²
	Europe	Latin America	Europe	Latin America	
GCI	61,6	72,4	0,0	0,0	
INSTITUTIONS	102,2	97,9	-40,6	-25,5	0,525
A. Public institutions					
1. Property rights					
Property rights	108,9	86,0	-47,3	-13,6	0,364
Intellectual property protection	99,7	81,1	-38,1	-8,7	< 0,1
2. Ethics and corruption					
Diversion of public funds	88,7	107,0	-27,2	-34,6	0,346
Public trust of politicians	102,9	112,2	-41,3	-39,8	0,307
3. Undue influence					
Judicial independence	100,5	94,7	-39,0	-22,3	0,217
Favoritism in decisions of government officials	101,0	95,7	-39,5	-23,3	0,106
4. Government inefficiency					
Wastefulness in government spending	105,7	102,0	-44,2	-29,6	0,118
Burden of government regulation	107,4	114,0	-45,9	-41,6	0,126
Efficiency of legal framework	103,6	104,7	-42,1	-32,3	0,324
Transparency of government policy-making	115,1	95,9	-53,5	-23,5	0,229
5. Security					
Business costs of terrorism	85,1	49,9	-23,6	22,5	< 0,1

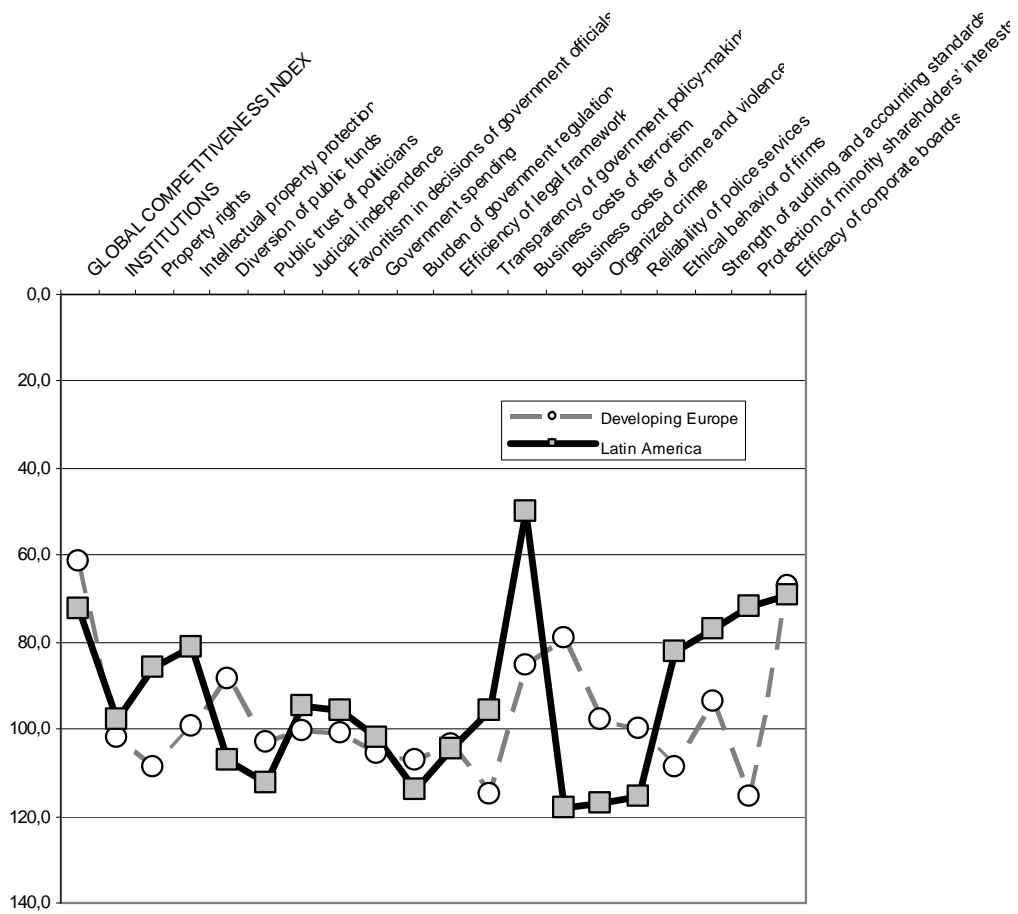
Business costs of crime and violence	79,3	118,2	-17,8	-45,8	0,279
Organized crime	98,1	117,2	-36,5	-44,8	0,267
Reliability of police services	100,1	115,4	-38,5	-43,0	0,248
B. Private institutions					
1. Corporate ethics					
Ethical behavior of firms	108,7	82,4	-47,2	-10,0	< 0,1
2. Accountability					
Strength of auditing and accounting standards	93,5	76,9	-31,9	-4,5	0,213
Efficacy of corporate boards	67,4	69,2	-5,8	3,2	< 0,1
Protection of minority shareholders' interests	115,5	71,8	-54,0	0,6	<0,1

Structural similarity is rather low with only the following 7 survey (out of total 18) question rankings have a difference less than 10. Generally these are regarding government inefficiency. Other factors are very different. Latin America seems to be worse in diversion of public funds due to corruption, organized crime and business costs of crime and violence, whereas business community in developing Europe is significantly less satisfied by business ethics, protection of property rights and the worst is the situation with the protection of minority shareholders' interests.

TABLE 5: Similarities between Developing Europe and Latin America

	Indicators	Difference
SIMILAR	Efficiency of legal framework	-1,1
	Efficacy of corporate boards	-1,9
	Government spending	3,7
	Favoritism in decisions of government officials	5,4
	Judicial independence	5,8
	Burden of government regulation	-6,6
	Public trust of politicians	-9,3
DIFFERENT	Reliability of police services	-15,3
	Strength of auditing and accounting standards	16,6
	Diversion of public funds	-18,3
	Intellectual property protection	18,6
	Organized crime	-19,1
	Transparency of government policy-making	19,1
	Property rights	22,9
	Ethical behavior of firms	26,3
	Business costs of terrorism	35,2
	Business costs of crime and violence	-38,9
Protection of minority shareholders' interests	43,7	

FIGURE 20: Similarities between Developing Europe and Latin America



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