

# Chapter 4

## Diagnosing Corruption and Prosperity in Europe and the Americas (A)



This chapter diagnoses prosperity in Europe and the Americas based on three indicators: Corruption (CPI), Social Progress (SPI), and Competitiveness (GCI). GCI and CPI have already been introduced and correspond to the outcome that is modelled empirically (Parts V and VI). SPI will be introduced in Sect. 4.2.

### 4.1 Corruption in Europe and the Americas (CPI)

Figure 4.1 displays a clear distinction between two trends. On the one hand, the USA, Canada, Australia, and Northern Europe tend to be perceived as the most transparent regions in the world. In contrast, with few exceptions, Latin America and the rest of the world are perceived as corrupt to highly corrupt.

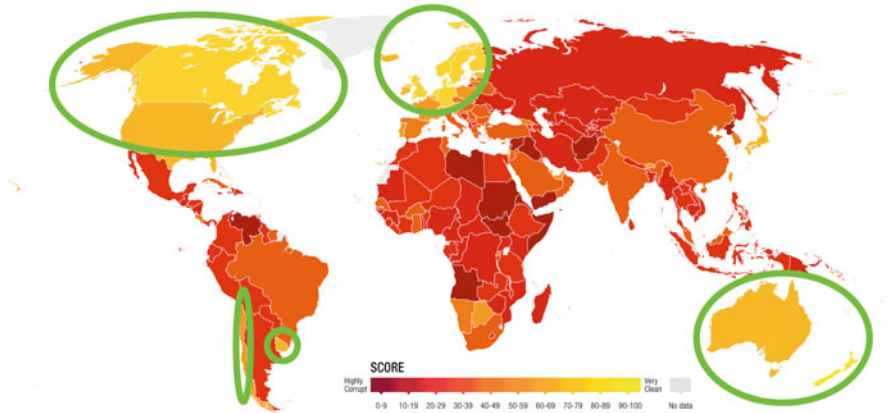
Countries in Northern Europe, including the UK (which colonised North America), rank along the same values as the USA and Canada (see green circles in the map). In contrast, southern Europe (Greece, Italy and especially Spain and Portugal, the colonisers of Central and South America) exhibits higher corruption. Interestingly, Uruguay and Chile (the least traditionally Catholic countries in South America) have unusually lower CPI levels than the rest of Latin America. Parts V and VI further analyse this situation based on empirical observations and case studies.

Pervasive mistrust and corruption mar the social and public sphere in most Latin American countries (Uildriks, 2009, p. 6). Corruption and mistrust profoundly

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**Fig. 4.1** Corruption Perception Index (adapted from Transparency International [TI], 2016). Used with permission

hamper social prosperity in different regions (Fukuyama, 1995; North, 1998). Both factors seriously affect coexistence and contribute to social fragmentation (Mockus et al., 2012, p. 6).

Similarly, Luzzani (2002) observed that cultural acceptance of bribery in Latin America makes public administration work more smoothly in this region, combined with Latin America’s generalised “inadequate laws, irreverence for the law even when it is adequate, and the impunity of those who are corrupt” (Luzzani, 2002, p. 168). His conclusions coincide with Mockus (2001), who found that openly illegal and frequently even morally reprehensible behaviour is culturally accepted or tolerated in specific contexts in Latin America (p. 3).

Thus, rather than being a problem solely of political institutions, corruption is deeply ingrained in the cultural background of societies. In Latin America, corruption is widespread not just within state agencies but also in broader society, and it is an inextricable part of how most things are achieved. Indeed, within the continent as a whole, most aspects of public life are notoriously corrupt (Uildriks, 2009, p. 8).

Equally, for Diament (1991) “corruption in Latin America is not merely a social deviation, it is a way of life” (p. 20).

Within Europe and the Americas, Latin America ranks highest on the Corruption Perception Index, followed by Southern Europe (Fig. 4.1). Historically, the Roman Catholic and Orthodox Church-States have dominated the institutions and culture of those areas of the world (Inglehart & Baker, 2000); (Gill, 1998). Is this a coincidence or not?

Exploring the moral, cultural, and legal roots of the Latin American ethos calls for reference to the continent’s religious origins. Political power and the hegemony of the Roman Catholic Church have been directly related across Latin America since the Conquest (Munevar, 2008). The closely intertwined connections between religion and politics since the Conquest and before have been historically fundamental to the Latin American social and institutional ethos. Church and state have provided

each other with legitimation and institutional, material, and ideological support (Levine, 1981, p. 3).

In Latin America, these institutional relations can be traced back to their European (i.e. Iberian) colonial roots (Acemoglu & Robinson, 2012; Engerman & Sokoloff, 2002). Ever since the Middle Ages, the Spanish and Portuguese conquerors implemented a hierarchical, elitist, and corporatist model of Christendom that was sanctioned by the Church (Beltrán, 2008; Figueroa, 2016; Levine, 1981).

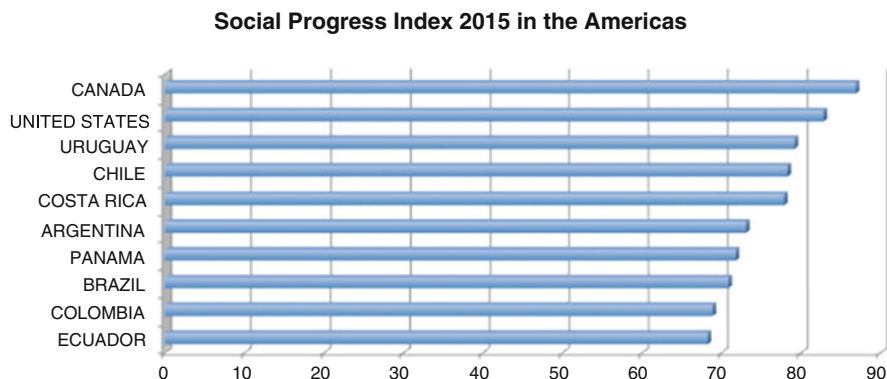
Although far from monolithic, historically the Roman Catholic Church-State has gained a widespread controversial reputation, partly due to medieval institutions such as the Inquisition or the indulgences. Systematic examples such as the abuse perpetrated by the conquerors and legitimated by the Church in Latin America (Navarro, 2016), or the current children abuse scandals, are well-known worldwide. Although indulgences may no longer be valid as initially promulgated by Pope Leo X in 1517 in the *Taxa Camarae*, the Jesuit Jorge Bergoglio, also known as “Pope Francis”, employed this concept in his papal Bull *Misericordiae Vultus* (2015): “A Jubilee also entails the granting of *indulgences*” (Bull of Indiction of the Extraordinary Jubilee of Mercy, n. 22). Bergoglio has also used the concept of indulgences to promote events like the Catholic World Youth Day in 2013 (Kington, 2013). Similarly, the Vatican has recently issued a “Decree of the Apostolic Penitentiary on the granting of special Indulgences to the faithful in the current pandemic, 20.03.2020” (COVID-19).

Religion is an essential underlying driver of corruption (or transparency) in the state and society (Lambsdorff, 2006; Rose-Ackerman, 2006). Exploring the influence of the Roman Catholic tradition on corruption and prosperity in Latin America “remains an urgent priority for future research” (Treisman, 2000, p. 442). This study follows this call by broadly comparing prosperity and corruption in Europe and the Americas.

## 4.2 Social Progress in Europe and the Americas (SPI)

The Social Progress Index (SPI) is a comprehensive framework for measuring social progress independently and complementarily to GDP. Economic performance alone (GDP) does not fully explain social progress (variables have a correlation of 0,78) (Porter et al., 2015). The SPI is a robust and holistic measurement framework for national social and environmental performance. Norway, Sweden, and Switzerland have the highest SPI scores in the world (around 88 each). Mediterranean countries score around 80. All Latin American countries rank in the middle range of world distribution (from Uruguay, 79, to Guyana, 60) (Porter et al., 2015).

Figure 4.2 shows the different SPI scores in the Americas. Following the historical trend, Canada and the USA have better prosperity conditions (i.e. SPI and GCI) than all Latin American countries. Uruguay has the highest SPI value in Latin America (and is therefore one of the cases studied in detail below).



**Fig. 4.2** Social Progress Index in the Americas (2015) (adapted from Porter et al., 2015). Note: The SPI is not modelled empirically as it contains information about environmental performance that would allow inducing endogeneity in the models when including the EPI. Competitiveness (GCI) has a similar trend as SPI. GCI is modelled empirically as this index is comprehensive and does not directly include “environmental performance”

### 4.3 Competitiveness in Europe and the Americas (GCI)

Switzerland has the highest GCI score worldwide. The “advanced economies” (USA, Canada, Australia, New Zealand, Northern Europe) follow in the top 90–100% of the most competitive countries. The next group (70–80% of the most competitive countries) includes Italy, Spain, Portugal, Austria, and Ireland. Latin America and the Caribbean rank among the 40–80% most competitive regions (World Economic Forum, 2016).

Except for some countries (e.g. Uruguay and Chile), the CPI, GCI, and SPI confirm a long-established trend: Latin America is the only region in the world that is both “third-world” and “Christian” (Levine, 1981, p. 35; Grier, 1997). The next section briefly presents several approaches to explaining prosperity differences across countries.

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