Quality of life and local governance

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Abstract

The Task 5.6 of this Work Package is to examine the quality of life and local governance and especially the degree of social cohesion within the local community and the satisfaction with the institutions of national and regional governance by collecting and comparing indicators. The analysis of indicators, based both on subjective data (personal perceptions of interviewees) and objective statistical data, proved three main outcomes. Countries with high scores in national institutional quality present high trust in central and local government and their citizens are high satisfied with life. The second main outcome was that countries with highly satisfied citizens in life have also high scores of social cohesion. Thirdly, high scores of social cohesion coincide with national institutional quality and trust to government institutions.

Keywords

Quality of Life, Local Governance, Social Cohesion, Local Community, Trust in Government, Satisfaction with Government, Life Satisfaction, Social Inequity, Perceived Social Tensions, Institutional Quality, Europeanization, Transition

JEL Classification

J240, O180, O470, R110
1. INTRODUCTION

The Task 5.6 of this Work Package is to examine the “Quality of life and local governance” and especially the “degree of social cohesion within the local community and the satisfaction with the institutions of national and regional governance… by collecting and comparing indicators”.

Quality of life statistics refer to **subjective interpretations of individuals** concerning their well being, in relation to a broad range of issues: from their income, working, housing and living conditions to their satisfaction in all relevant policy areas (e.g. health, education and public services et. al.).

**Satisfaction with the institutional quality at the national and regional/local level and the degree of social cohesion** can be explored by identifying the most appropriate indicators from the European Quality of Life Survey (2012) and compare them among the countries or groups of countries. **Furthermore, we can compare subjective interpretations of individuals (households), with the composite “Institutional Quality” Index, based on reliable data from the World Economic Forum (WEF), reflecting the subjective assessment of qualified experts of the business sector.** This composite national institutional quality index consists of selected indicators from four pillars (“Government Effectiveness”, “Regulatory Quality”, “Rule of Law”, “Control of Corruption”), and has been elaborated in the relevant paper of ICBSS (WP 5.3).

The European Quality of Life Survey (2012) covers 27 EU Member States, the 7 candidate or pre-accession countries: Croatia, Iceland, FYR Macedonia, Montenegro, Kosovo, Serbia and Turkey), but it does not cover the Neighboring Countries. A total of 43,636 people were interviewed in 34 countries and the results will be published in 2013. A wide range of issues are examined, such as employment, income, housing and living conditions, family, health, work-life balance, life satisfaction and perceived quality of society. From this broad range of issues we identified the following relevant **indicators** for our comparative study:

- **a. Trust in Government**
- **b. Trust in the local or municipal authorities**
- **c. General satisfaction with life** (taking all things together: education, present job, present standard of living, accommodation, family life, health, social life, economic situation in your country)

A combination of these two first indicators reflects the satisfaction of individuals with the institutional quality at the local and national level, while the third indicator refers to the perceived life satisfaction in general.
**Hypothesis 1:**
High trust in government and in local and municipal authorities is expected in countries with high scores in national institutional quality (composite index based on World Economic Forum data). In these countries, satisfaction with life in general is expected to be also high.

Subjective perceptions on social cohesion can be driven from the same European Quality of Life Survey, through examining the following indicators, which refer to the perceived tensions between:

- a. poor and rich people
- b. management and workers
- c. men and women
- d. old and young
- e. racial/ethnic groups
- f. religious groups
- g. sexual orientations

The composite indicator of all the above reflects the overall perceived tensions reflecting the degree of social cohesion within society.

In order to find additional indicators of social cohesion based on objective data, we examined another source, ("Inequality of Income Distribution", Eurostat 2011\(^1\)). This indicator is measured not on the basis of individual perceptions (subjective interpretation), but on measurable income inequalities. The comparison of such indicators of social cohesion, derived from subjective and objective sources, would strengthen the reliability of the indicators and illustrate the differences among the countries /or groups of countries.

**Hypothesis 2:**
High score in perceived tensions corresponds with low degrees of social cohesion. It is expected that high scores of satisfaction in general (and satisfaction with institutions in particular) will be in accordance to high degrees of social cohesion (referring to perceptions and objective indicators).

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\(^1\)http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&init=1&language=en&pcodet=tsdsc260&plugin=n=1
2. METHODOLOGICAL FRAMEWORK

In the former papers (Work packages 5.1., 5.2., 5.3.) we examined comparatively indicators on institutional quality, social capital, and cultural diversities not only in the EU27, but also in most of the neighboring countries. According to the different “waves” of Europeanization and geographical criteria, several groups of countries have been comparatively analyzed: EU 15 old member states, EU 12 new member states, EU 27 of today, candidate countries, ENC countries (south and east) and Black Sea countries.

The existing data from the European Quality of Life Survey (2012) and especially the selected indicators refer only to the EU 27, thus it is not possible to have comparable outcomes for the neighboring and candidate countries. Data on candidate countries will be published later on in 2013.

Thus, our analysis focuses on two different groups of countries:

a) The 15 old members of the EU: (EU15: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden, United Kingdom)

b) The 12 new EU member states (Bulgaria, Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Romania, Slovakia, Slovenia)

For each indicator analyzed and presented in the following chapter, the working team has produced analytical diagrams with countries’ national scores and average scores of EU15 and EU12.

3. SATISFACTION WITH INSTITUTIONS OF GOVERNMENT AND LOCAL GOVERNMENT: TRUST, INSTITUTIONAL QUALITY AND SOCIAL COHESION

3.1. Trust and institutional quality

Trust in Government

The question about “Trust in Government” was answered in all 27 EU member states. As indicated in the graph below, Luxembourg, Finland and Sweden seem to trust their government more than any other of the EU countries. As a matter of fact, their scores are much higher than the EU 15 average. On the contrary, Greece, Romania and Slovenia have little faith in their governments.
Concerning the different groups of countries, the 15 old member states score the highest average value in “trust in government” with 3,17, compared to the EU12 (2,41) and EU 27 (2,84) average values.

![Trust in Government 2012 (old EU15)](image1)

Regarding the 12 new European countries, Malta (3,46), Estonia (3,12) and Cyprus (2,54) present the highest scores in trust in government. As a matter of fact, these three countries perform better than the EU12 average (2,41) indicating the trust of their citizens to the governmental institutions. On the other hand, the low scores of Romania (1,76), Slovenia (1,97) and Lithuania (2,09) prove the small degree of their citizens’ confidence in the central government.

![Trust in Government 2012 (12 New EU Member States)](image2)

These outcomes may be interpreted by the quality of institutional environments in each country, comprised of government effectiveness, regulatory quality, rule of law and control of
corruption (Hlepas, 2013). When the values of the composite index of institutional quality are high, citizens have no reason not to trust their governments.

![Graph showing Trust in Government 2012 / Quality of Institutional Environment 2011]

**Trust in the local or municipal authorities**
The same countries answered the question “Trust in local or municipal authorities”. In 2012, the average of the 15 old EU member states is quite higher (3.9) than the average of the 12 new member states (3.4). Among the old EU 15, it is also evident that the southern EU countries (Greece, Italy, Spain and Portugal) share the lowest scores of trust in the local governments (with values 2.47, 2.88, 3.43 and 3.47). This can be easily explained considering the weak local governments of the European South (low degree of financial autonomy, restricted competence) in comparison to the countries of central and northern Europe (i.e. Luxembourg, Denmark and Austria with scores 4.66, 4.58 and 4.54 respectively). Furthermore, quality of institutions in Southern Europe is lower than the average (s. below).

Comparing the data, there is evidence that the level of trust in local government is considerably higher than the trust in national governments (in all countries, except for Sweden), as the average scores show. These findings are also confirmed in the Eurobarometer surveys. While only 1/3 of Europeans trust their countries’ government (34%) half of their citizens trust their local and regional authorities (50%) (Eurobarometer, 2009).
Regarding trust in local government among the 12 new EU member states, the highest scores are found in Czech Republic (3.84), Estonia (3.82) and Malta (3.77), which are above the EU12 average and very close to the EU 15 average. It is worth mentioning that Bulgaria (2.77), Slovenia (3.05) and Lithuania (3.07), although they are the poorest performers in trusting local government among EU12, they score better compared to the European South in countries such as Greece and Italy.
For once more, it is evident that trust in local government coincides with the quality of national institutional environments. The diagram below indicates that the average values of trust in local or municipal authorities in the three European groups of countries (EU15, EU12 and EU27) is closely related with the fluctuation of the average values of the composite index measuring the quality of national institutional environment.

### General satisfaction

Concerning the subjective satisfaction from life, the composite index of general satisfaction (composed of eight indicators focusing on satisfaction with education, present job, standard of living, accommodation, family life, health, social life and economic situation in the country) indicates that there are no large differences among the scores of the different EU15 countries. The EU15 average is 5.14, while Denmark, Austria and Portugal present the highest scores (5.64, 5.59 and 5.35 respectively). On the other hand, citizens in Greece (4.50), Italy (4.75) and France (4.89) are the least satisfied with life. It seems that the recent economic and financial crisis has negatively influenced levels of life satisfaction in the countries of the European South (with the exception of Portugal). On the other hand small differences of life satisfaction among the EU15 countries indicate the fact that older democracies tend to reach as similar pattern of life satisfaction whereas some factors existing in Southern European countries (family networks, Mediterranean climate etc.) seem to compensate differences in welfare regimes and income levels.
Concerning general life satisfaction in the 12 new European countries, their average score (4,96) is a bit lower than the EU15 average (5,14). In this group, Romania has the highest score (5,77) than any other country, even compared to the 15 old member states. Then follows Cyprus (5,22) and Lithuania (5,05). On the contrary, Poland (4,46), Bulgaria (4,67) and Slovenia (4,75) present low scores in life satisfaction.

**Trust, general satisfaction and institutional quality**

One can conclude from the four following diagrams that there a correlation seems to exist between trust in governmental institutions (central and local) and satisfaction with life. The only exceptions seem to be Spain and Portugal, which although having low trust in their central and local governments, present high levels in satisfaction with life, even above the EU15 average score, approaching the scores of countries, such as Denmark and Finland.

The same conclusion can be drawn when the comparison is being made between satisfaction with life and institutional quality. Effective and efficient institutions of countries seem to be
an important factor for the overall quality of life of their citizens and their general satisfaction in everyday life.
3.2 Social Cohesion and Institutional Quality

Perceived Tensions on Social Inequity

The subjective perceptions of social inequalities are indicated through the composite indicator of perceived tensions on social inequity. This indicator examines the existence of tensions between different social groups, and specifically between poor and rich, managers and workers, men and women, old and young people, various racial and ethnic groups, religious groups and people with different sexual orientation. Thus, the higher the score is, the stronger the degree of perceived tensions and, consequently, the lower the level of social cohesion.

The diagram below shows the different national scores of the 15 old EU member states. At a first glance, one realizes that perceived social tensions (as described above) are strong in Greece (2.55), France (2.40) and Belgium (1.89). These high scores have different roots in each country. In Greece, the intense tension of social inequality is mainly due to the growing gap between rich and poor, especially after the outbreak of the financial crisis of 2008. The same cause for social tensions (but in a smaller degree) can also be detected in France as well. In Belgium and France, however, the main factor is tensions between different ethnic and racial groups (in Greece this is an important factor as well).

![Perceived Tension on Social Inequity 2012 (old EU15)](chart)

Regarding the 12 new EU member states, their average score is only a bit higher than the respective EU15 average. In this group of countries, the strongest tensions can be found in Hungary (2.94), Cyprus (2.58) and Czech Republic (2.25). For Cyprus and Czech Republic the perceived tensions between different racial and ethnic groups are the main factor for high
scores in social inequity. On the other hand, Hungary’s main cause is perceived tensions between rich and poor.

![Perceived Tension on Social Inequity 2012 (12 new EU MS)](image)

**Income inequalities distribution**

In an attempt to enrich the outcomes of the aforementioned indicator “perceived tension on social inequity” which is based on subjective answers, the working team examined another indicator that is based on objective data. “Inequality of income distribution” according to Eurostat is the ratio of total income received by the 20% of the population with the highest income (top quintile) to that received by the 20% of the population with the lowest income (lowest quintile). Income distribution consists of a solid evidence of social cohesion in a society, and therefore, it is expected that the countries performing high scores in “perceived tensions on social inequity” to present similarly high scores in inequality of income distribution.

The following diagram with the 15 old EU member states indicates that Spain (6,8), Greece (6) and Portugal (5,7) have the largest inequalities in this field, when the EU15 average score is 4,69. On the other side, Sweden (3,6), Finland (3,7), Austria and Netherlands (3,8) present the best values on income distribution.
Concerning the new EU member states, their average score (4.88) is a little higher than the EU 15 average (4.69), indicating an even higher inequality of income distribution in these countries. Specifically, Latvia (6.6), Bulgaria (6.5) and Romania (6.2) are “champions” in income inequality. On the other hand, Czech Republic (3.5), Slovenia (3.5) and Slovakia’s performances (3.8) are quite low with scores even lower the EU15 average and comparable to the scores of Sweden and Finland.
The two proceeding diagrams confirm the outcomes on social inequalities according to the “perceived tensions on social inequity”. The southern European countries mostly hit by the global economic crisis are the ones with the lowest scores in social cohesion.

**Institutional quality and perceived tensions**

Trying to intertwine the perceived tensions on social inequalities with the quality of institutional environments (in the 2 following diagrams), we observe that in countries with strong tensions on social inequity, the national institutional quality is low or below average. Such examples can be found in Greece, Italy and Belgium in the group of the 15 old EU member states. In the 12 new EU countries, this phenomenon is more intense particularly in Hungary, Romania and Czech Republic.

![National Institutional Quality 2011 / Perceived Tensions on Social Inequity 2012 - EU15](image1)

![National Institutional Quality 2011 / Perceived Tensions on Social Inequity 2012 - EU12](image2)

**General satisfaction and social cohesion**

As regards the interconnection of life satisfaction with social cohesion, the two following diagrams referring respectively to the EU15 and the EU12 groups of countries indicate that the higher the tensions on social inequities are, the lower is
satisfaction with life. Although national scores in satisfaction with life do not present strong differences from one country to another, Greece, France and Italy are the most characteristic examples combining low scores of satisfaction with life and high perceived tensions on social inequity.

**General trust and social cohesion**

The indicators “Trust in government” and “Trust in local and municipal authorities” can be compiled to a composite index of “General trust to central and local government”.

As it concerns the linkage of general trust in central and local government and the perceived tensions on social inequities, it is again evident that countries with high levels of social inequities have little trust in their governments. Greece’s scores prove that it is the most distinguished country among the group of EU15 (in a negative way), while on the contrary, in countries such as Denmark, Luxembourg and Netherlands, where citizens have faith in their government, scores of social inequities are particularly low.
4. CONCLUSIONS

The main findings of the comparative analysis of the available data show strong interrelation among the degree of social cohesion and the satisfaction with the institutions of national and regional governance. High trust in government and in local and municipal institutions corresponds to high scores in national institutional quality where general satisfaction is also high. Furthermore, high degrees of social cohesion, measured either by subjective (perceived tensions) or objective indicators (income distribution) are accordingly analogous with the high scores of satisfaction with life in general and satisfaction with institutions in particular. Although there are no significant differences among the EU countries concerning life satisfaction, quality of institutions seems to be an important factor for the national scores of satisfied citizens. However, the general trend of quality of life satisfaction is declining all over Europe. Strong differentiations emerge, among the countries of Southern Europe which have been affected by the economic crisis and by the deep recession on the one hand and
the countries of middle and north Europe (e.g. Finland, Germany, Austria, et. al.), on the other, which have positive growth rates. As it is stated in the main findings of the European Quality of Life Survey (2012):

“Declines of over 20% in levels of optimism and happiness are reported in some countries across the EU and over a third of people indicate a deterioration in their financial situation over the past five years. These results largely reflect - with some interesting exceptions - the economic reality, with highest optimism levels reported in Denmark, Sweden and lowest levels in Greece, Italy, and Portugal. The social situation in the European Union today represents a complex and complicated story. Since the last survey in 2007, more people who had good income and were in good quality housing are now struggling with unemployment, debts, housing insecurity and access to services.

The survey also highlights that it is harder for many people to make ends meet: 7% report ‘great difficulty’ making ends meet, with large differences between Member States, ranging from 22% in Greece to 1% in Finland.”

Similar trends have been conducted in our comparative analysis, concerning the perceived trust to institutions (government, local government) with divergent degrees among the 27 countries. This conclusion fits with the general conclusion of the European Quality of Life Survey, which states that:

“Trust in key public institutions, governments and parliaments has fallen over the past five years, with the largest declines obvious in those countries facing the most serious economic difficulties, such as Spain and Greece. Trust in public institutions is highest in Denmark, Finland, Luxembourg, and Sweden, largely due to an unmatched level of trust in national political institutions in these Member States” (European Quality of Life Survey 2012).
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