

# English Summary: Consequences of Multilevel Governance

The unifying theme of this dissertation is the question how the institutional design of a subnational multilevel system shapes government performance regarding the *process of policy-making* (corruption), its *implementation* (impartiality), and its *output* (quality and generosity of public services).

Chapter 2 (co-authored with Natascha S. Neudorfer) addresses the yet inconclusive debate whether decentralization worsens or contributes to controlling corruption levels. We argue that countries with strong regional self-rule offer more incentives and opportunities to form networks of local collusion leading to higher corruption levels. In contrast, shared rule allows for more oversight on the national level which reduces political corruption. Using a recent dataset on regional authority we test our hypotheses on a sample of up to thirty-six countries between 1984 and 2006 and find robust empirical support for the predicted contrasting effects of regional authority: self-rule enhances and shared rule limits political corruption.

The following chapter 3 (again, co-authored with Natascha S. Neudorfer) takes the argument on the effect of shared rule a step further. We suggest that the effect of regional shared rule on political corruption is conditional on a country's type of political system. Presidentialism requires deal-making and impedes accountability. We argue that under these conditions regional representatives serve as access points for private interests and rent-seeking. Parliamentarism does not provide favorable conditions for corruption. Instead, in countries with a parliamentary system, shared rule contributes to controlling the government. This deters corrupt interactions. The

results from a cross-section time-series analysis (69 countries, 1984-2010) support our expectations.

The third of my projects, chapter 4, looks into the nexus between regional self-rule and the quality of government more in general. Quality of government comprises procedural aspects (corruption) as well as the quality of implementation (impartiality) and an assessment of the output (perceived quality of government services). Hence, this change of focus marks the transition from looking at the quality of the policy-making *process* (corrupt or not) to studying its *implementation* (impartiality) and the quality of government *output*. Whereas the two previous chapters analyzed country-level data, here, the level of analysis are *regions* in Europe. Some regions in Europe have a higher quality of government (QoG) than others. I argue that subnational authority, and in particular self-rule, is an important determinant of variation in regional QoG but that its effect is conditional on a regions preconditions: self-rule strengthens the quality of government in regions with a professional administration, little incentives for corruption and functioning anti-corruption mechanisms, while self-rule depresses the quality of government in regions that lack these favorable conditions. I provide empirical evidence (196 regions from 21 countries in 2013) for the conditionality of the effect of regional self-rule on the QoG depending on a region's preconditions.

Finally, after having analyzed the process of policy-making, its implementation, and the quality of its output more in general, chapter 5 focuses on the output of public policy-making in one of the arguably most relevant policy areas: the generosity of a country's welfare provisions. I argue that regional shared rule on the national level provides access points for interest groups to block welfare reform which reduces the size of changes in welfare generosity. Regional governments in states governed by shared rule between the national and the subnational level can exercise considerable influence on national decision-making with regard to law-making, executive control, fiscal control, and constitutional reform. The shared rule of regions on the national level, thus, goes far beyond the distinction between federal and unitary constitutions.

This paper argues that countries with strong regional shared rule provide institutional access points to limit welfare policy change on the national level. Additionally, the multilevel dispersion of authority within states facilitates blame avoidance and, thereby, increases incentives for regional governments to act as veto points. The empirical analysis of data from 18 countries between 1971 and 2002 supports the hypothesis that absolute changes in welfare generosity are smaller in countries with strong regional shared rule. The results are robust to various model specifications.

Altogether, the research presented in this dissertation corroborates the significance of regional authority for the policy-making process (corruption, chapters 2 to 4) as well as its implementation (chapter 4) and the output from this process (quality, and generosity of public services, chapters 4 and 5). Particularly, the results of all chapters demonstrate that it is essential to disaggregate decentralization (as done in the RAI by Hooghe et al. 2010, forthcoming) rather than to treat it as a unidimensional concept. The distinction between regional self-rule and shared rule is crucial when studying the consequences of regional authority as the two domains can have divergent effects (see especially chapters 2 to 4). Not unpacking regional authority into its domains can lead to confounding results.