“Getting closer or falling apart? Euro and EU countries after the crisis”

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Abstract We collect an extensive data set on expenditure, organization and quality of the main public services provided by European countries (health, education, justice, labour market, competition, tax policy, doing business and so on) in the last 25 years, distinguishing between countries belonging and not belonging to the EU and belonging or not to the Euro area respectively. Using statistical and econometric tools, we ask whether before and after the introduction of the euro and before and after the international crisis of 2008-9, Euro countries have tended to converge or diverge, both between them and with respect to EU countries not belonging to common currency. Results are mixed. Specifically, peripheral euro countries after the crisis have diverged in terms of resources, but converged in terms of organization and outcomes to the core Euro countries. However, perception of corruptions and level of trust in institutions have widely diverged in the Euro periphery both respect to the core and with respect the remaining EU countries.