

Economic Inequality and Civilian Support for Democracy:

The Case of Latin America and the Caribbean

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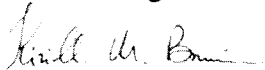
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## ABSTRACT

### ECONOMIC INEQUALITY AND CIVILIAN SUPPORT FOR DEMOCRACY:

#### THE CASE OF LATIN AMERICA AND THE CARIBBEAN

by

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This study, initially, hypothesizes that in Latin America and the Caribbean, citizens who believe that economic inequality is high and should be reduced are more likely to lose faith in democratic institutions. Numerous academic studies posit that democracy is declining in the region and income inequality coupled with anti-democratic leaders are responsible for this declivity. Other scholars argue that inequality does not undermine democracy per se; instead, citizens are fed up with the contemporary leaders' approach in solving the issue. Citizens then support populist politicians through democratic means. Using an ordered logistic regression with the inclusion of country-level variables, I found that citizens who believe that the government should do more to reduce inequality are more likely to believe in the exceptionality of democracy. I therefore rejected the study's main hypothesis.

## Introduction

During the Industrial Revolution and the resulting economic productivity that increased the transition towards formal economies and large private ownership of resources, the unfair distribution of wealth became an inherent feature of this economic order. In Europe, as is the general knowledge, the reaction was to push for welfare states, labor unions, socialism and revolutions. One can safely claim that, ever since, these ideological and political themes have run their way through modern history and are present to this day. Nowhere is this discourse more present than in Latin America and the Caribbean, which have the highest rates of inequality compared to other major regions.<sup>1</sup>

Consequently, current governments have preoccupied themselves with finding ways to equilibrate economic growth and the undesirable, unequal distribution of wealth that it produces.<sup>2</sup> In terms of Latin America, this story is known all too well. After the colonial years of elites alienating much of the population from the political scene, left-wing populism eventually took hold and import substitution policies were implemented.<sup>3</sup> Subsequently, these policies slowed economic growth relative to other areas of the world and free market policies overrode ISI policies.<sup>4</sup> In the contemporary period, inequality is still a major issue for the region. As mentioned, populism took root when the economic side effect of market economies (i.e. economic inequality) was at its highest.<sup>5</sup> Nonetheless, although the masses came together and

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<sup>1</sup> Ronn Pineo, "The Free Market Experiment in Latin America: Moving Beyond Past Policies to Search for a Pathway Forward," *Journal of Developing Societies* 30, no.2 (2014): 172, accessed March 17, 2016, doi: 10.1177/0169796X14525534.

<sup>2</sup> Francis Fukuyama, "Dealing with Inequality" in *Poverty, Inequality and Democracy*, eds. Francis Fukuyama, Larry Diamond and Marc F. Plattner (Baltimore: The Johns Hopkins University Press, 2012), 7.

<sup>3</sup> Craig Arceneaux, "Latin America" in *The Other World: Issues and Politics of the Developing World*, eds. Joseph N. Weatherby, Craig Arceneaux, Emmet B. Evans, Jr., Dianne Long, Ira Reed, and Olga D. Novikova-Carter (New York: Pearson Education, Inc., 2011), 114-116.

<sup>4</sup> Ibid

<sup>5</sup> Karen L. Remmer, "The Rise of Leftist- Populist Governance in Latin America: The Roots of Electoral Change," *Comparative Political Studies* 45, (2012): 5, accessed November 28, 2015, <http://cps.sagepub.com/content/early/2011/12/05/0010414011428595>.

exercised their right to vote, the leaders that were elected, in turn, abused power and increased executive authority at the expense of other branches of government.<sup>6</sup> As these leaders may deliver on their populist agendas in the short term, it is argued that democracy (and, eventually, economic growth) is impeded in the long term.<sup>7</sup> Consequently, citizens may be later disadvantaged both socially and economically due to the short term promises of reducing inequality.<sup>8</sup> Still, will citizens knowingly denounce democratic institutions to support other forms of governance?

This paper focuses on the relationship between the subjective evaluations of the economic conditions of citizens in Latin American and the Caribbean and their support for democracy. This paper first analyzes the literature documenting the region's history with economic inequality and the effects it had on democratization. Secondly, the paper shifts focus onto the research question and hypotheses. Thirdly, I then transition to the methodological aspects of this paper and I explain the variables, research design and model. I conclude the paper with the analysis of statistical and discussion.

### Origins of Inequality in Latin America and the Caribbean

The economic history of Latin America and the Caribbean is marked by its shift from direct state influence in the economy to a market-based economy. Currently, the region has the highest inequality rates worldwide and one may surmise that the economic systems that were

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<sup>6</sup> Alejandro Toledo, "Latin America: Democracy with Development" in *Poverty, Inequality and Democracy*, eds. Francis Fukuyama, Larry Diamond and Marc F. Plattner (Baltimore: The Johns Hopkins University Press, 2012), 41.

<sup>7</sup> Ibid, 44-45.

<sup>8</sup> Ibid, 44.

employed failed to address that historic inequality.<sup>9</sup> Latin America and the Caribbean's (LAC) experience with economic inequality, like most regions, stemmed from the colonial era.<sup>10</sup>

During the second and third quarters of the 20<sup>th</sup> century, a majority of the governments of these countries employed import substitution and Keynesian policies so as to create a more inclusive economy.<sup>11</sup> Although, these governments were led by populists who were often criticized for their lack of economic knowledge, it is reported that GDP per capita growth were at their highest as state-led industrialization spurred the economy.<sup>12</sup> While these center-left policies were credited for their economic success, critics posited that side effects were corruption, entrenched bureaucracies, and impending bankruptcies on the part of the public sector.<sup>13</sup> The alternative, of course, was the introduction of neoliberal policies.

While neoliberalism and its offshoots boosted the private sector, its disadvantages materialized in high poverty and inequality rates and low GDP growth.<sup>14</sup> For example, the top 1% of LAC's rich were making more than 350 times more than the poorest 1%.<sup>15</sup> Additionally, between 1980 and 2002, over 50 million people were living under \$190 per day.<sup>16</sup>

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<sup>9</sup> Carol Graham and Sandip Sukhtankar, "Does Economic Crisis Reduce Support for Markets and Democracy in Latin America? Some Evidence from Surveys of Public Opinion and Well Being," *Journal of Latin American Studies* 36, no. 2 (2004): 350, accessed February 12, 2016, doi: <http://dx.doi.org/10.1017/S0022216X0400745X>.

<sup>10</sup> Craig Arceneaux, "Latin America" in *The Other World: Issues and Politics of the Developing World*, eds. Joseph N. Weatherby, Craig Arceneaux, Emmitt B. Evans, Jr., Dianne Long, Ira Reed, and Olga D. Novikova-Carter (New York: Pearson Education, Inc., 2011), 114-116.

<sup>11</sup> Ronn Pineo, "The Free Market Experiment in Latin America: Moving Beyond Past Policies to Search for a Pathway Forward," *Journal of Developing Societies* 30, no.2 (2014): 172, accessed March 17, 2016, doi: 10.1177/0169796X14525534.

<sup>12</sup> Ibid.

<sup>13</sup> Ibid, 173-174.

<sup>14</sup> Ibid, 174-175.

<sup>15</sup> Ibid, 178.

<sup>16</sup> "Poverty and Equity," World Bank, accessed March 17, 2016, <http://povertydata.worldbank.org/poverty/region/LAC>



## Inequality and Democratization in Latin America and the Caribbean

Today, as many democratic countries in the developing world continue to witness economic growth based on neoliberal principles set out by the Washington Consensus and other Western financial institution, inequality still poses a problem within their borders. Additionally, although economic inequality rates have slowly declined over last decade throughout the region, huge percentages of the society are still affected by chronic poverty and the evident wide income gap.<sup>17</sup>

While democratization continues to be a challenging process for developing countries, many in Latin America and the Caribbean have instituted effective quasi-democratic institutions which would suffice for democracy being the dominant form of governance in the region.<sup>18</sup> As such, with economic inequality still posing a problem for many in the region, this paper seeks to identify the relationship between the public's subjective economic inequality and its perception of democracy as being an acceptable form of governance.

### Literature Review

Much of the literature posits that Latin America's democratic institutions are still in need of effective democratization and the state of the economy is a factor that continues to affect this process. Prior research buttresses this trend. For instance, Graham and Sukhtankar found that

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<sup>17</sup> Ronn Pineo, "The Free Market Experiment in Latin America: Moving Beyond Past Policies to Search for a Pathway Forward," *Journal of Developing Societies* 30, no.2 (2014): 178-179, accessed March 17, 2016, doi: 10.1177/0169796X14525534.

<sup>18</sup> Huber and Stephens, *Democracy and the Left: Social Policy and Inequality in Latin America*, 1-3

between 2000 and 2001, the satisfaction with democracy in Latin America decreased among the unemployed and self-employed due to the economic crisis at the turn of the century, which resulted in price hikes and instability that affect the poor and middle class more so than the upper class.<sup>19</sup> Support for democracy increased after the crisis alleviated.<sup>20</sup> Furthermore, in a later study, Blanco and Grier found that inequality had a positive effect on political instability throughout the region, especially in Argentina.<sup>21</sup> In other words, high inequality rate was correlated with high political disruption. The authors argue that Latin American and Caribbean policymakers should acknowledge this relationship and should aim to reduce inequality so as to lessen the likelihood of political instability.<sup>22</sup>

However, while economic inequality may lower support for democracy, Graham and Sukhtankar further posit that citizens still believe in the legitimacy of democracy but instead have lost faith in contemporary democratically elected government.<sup>23</sup> Roell and Crandall further goes on to highlight that economic upheavals have enabled Latin America to democratize over a long-term basis.<sup>24</sup> The results of a 2013 Latinobarómetro poll published by *The Economist* showed that respondents support democratic institutions although they are cognizant of the

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<sup>19</sup> Carol Graham and Sandip Sukhtankar, "Does Economic Crisis Reduce Support for Markets and Democracy in Latin America? Some Evidence from Surveys of Public Opinion and Well Being," *Journal of Latin American Studies* 36, no. 2 (2004): 372, accessed February 12, 2016, doi: <http://dx.doi.org/10.1017/S0022216X0400745X>.

<sup>20</sup> Ibid.

<sup>21</sup> Luisa Blanco and Robin Grier, "Long Live Democracy: The Determinants of Political Instability in Latin America," *Journal of Development Studies* 45, no. 1 (2009): 88, accessed February 12, 2016, doi: 10.1080/00220380802264788.

<sup>22</sup> Ibid.

<sup>23</sup> Carol Graham and Sandip Sukhtankar, "Does Economic Crisis Reduce Support for Markets and Democracy in Latin America? Some Evidence from Surveys of Public Opinion and Well Being," *Journal of Latin American Studies* 36, no. 2 (2004): 349, accessed February 12, 2016, doi: <http://dx.doi.org/10.1017/S0022216X0400745X>.

<sup>24</sup> Riordan Roett and Russell Crandall, "The Global Economic Crisis, Contagion, and Institutions: New Realities in Latin America and Asia," *International Political Science Review* 20, no. 3 (1999): 281, accessed April 18, 2016, doi: 10.1177/0192512199203003.

unequal distribution of wealth; for example, Venezuelan respondents favored democratic interventions than authoritarian methods of remedying the economy.<sup>25</sup>

### **Research Question**

Consolidated democracies have some of the highest indicators of economic development and modernization.<sup>26</sup> However, with the economic inequality that usually accompanies globalization and modernization (elements of economic development in today's age), do the citizens of the so-called Global South prefer another form of governance that not only bolsters growth but also tries to reduce economic inequality? In narrower terms, does economic inequality incite a lack of faith in democratic institutions and government? This paper hypothesizes that, in Latin America and the Caribbean, citizens who believe that economic inequality is high and should be reduced are more likely to lose faith in democratic institutions.

### **Methodology**

#### **Data**

For this study, I used data from the 2012 wave of the Americas Barometer, which is a multi-country survey headed by Vanderbilt University's Latin American Public Opinion

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<sup>25</sup> "Latinobarómetro Poll: Listen to me," *Economist.com*, last modified November 2, 2013, <http://www.economist.com/news/americas/21588886-slightly-brighter-picture-democracy-not-liberal-freedoms-listen-me>

<sup>26</sup> Kapstein, Ethan, B. and Nathan Converse, "Why Democracies Fail" in *Poverty, Inequality and Democracy*, eds. Francis Fukuyama, Larry Diamond and Marc F. Plattner (Baltimore: The Johns Hopkins University Press, 2012), 29-32.

Project.<sup>27</sup> This data set includes individual-level responses and covers 26 countries across the Western Hemisphere. The survey covered a total of 41, 632 respondents. Table I. shows the summary statistics of the variables used in this paper.

**Table I. Summary of Variables**

<b>Variables</b>	<b>Observations</b>	<b>Mean</b>	<b>Std. Dev.</b>	<b>Min</b>	<b>Max</b>
Dependent Variable					
<b><i>Support for Democracy</i></b>	14,128	5.190827	1.740216	1	7
Independent Variable					
<b><i>Inequality Ideology</i></b>	14,363	5.765369	1.58251	1	7
Control Variables					
<b><i>Political Orientation</i></b>	14,553	5.433175	2.696042	1	10
<b><i>Years of Education</i></b>	14,553	9.986532	4.168122	0	18
<b><i>Ethnicity</i></b>	14,553	2.433381	1.263456	1	7
<b><i>Employment Status</i></b>	14,553	1.624888	1.050448	1	4
<b><i>Age</i></b>	14,491	36.29874	13.73065	16	99
<b><i>Sex</i></b>	14,553	1.364805	0.4813918	1	2
Country-level Variables					
<b><i>Gini coefficient</i></b>	14,553	49.42877	6.025308	40.5	60.8
<b><i>GDP per capita</i></b>	14,553	6283.831	3931.981	766.9	15127.6
<b><i>Level of Democracy</i></b>	14,100	6.400867	1.057219	3.96	8.17

#### Dependent Variable

The dependent variable is *Support for Democracy*. In order to measure this variable, I used the variable *ing4* of the 2012 wave of the Americas Barometer survey. This variable records responses to the question: “Changing the subject again, democracy may have problems, but it is

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<sup>27</sup> The Americas Barometer by the Latin American Public Opinion Project (LAPOP), [www.LapopSurveys.org](http://www.LapopSurveys.org).

better than any other form of government. To what extent do you agree or disagree with this statement?” The responses are coded from 1 (Strongly Agree) to 7 (Strongly Disagree).

### Primary Causal Variable

In order to analyze how respondents’ economic condition affect their *Support for Democracy*, I took into account the independent variable *Inequality Ideology*. I used the variable ros4 from the Americas Barometer survey poses the question: The [country] government should implement strong policies to reduce income inequality between the rich and the poor. To what extent do you agree or disagree with this statement? The answers are placed on a Likert scale ranging from 1 (Strongly Agree) to 7 (Strongly Disagree). I hypothesize that individual-level responses concerning support for government action to alleviate income inequality affect respondents’ support for democracy. I thus treat *Inequality Ideology* as a primary causal variable in my model.

### Control Variables

In order to account for other potential factors that may influence the respondents support for democracy in Latin America and the Caribbean, I include in this model respondents *Sex* and *Age*. To measure both variables, I used variables *q1* and *q2* of the Americas Barometer survey. The *Age* variable accounted for the ages of 16 to 99.

Due to Latin America and the Caribbean's diversity, I control for the respondents' *Ethnicity*. However, due to the high rates of racial egalitarianism<sup>28</sup>, I don't expect *Ethnicity* to be statistically significant although I expect a positive relationship in that Indigenous and non-white groups to support democracy. While Latin America and the Caribbean are recognized for their high levels of cosmopolitanism, the existence of indigenous movements and native identity doubtlessly affects politics in the region.<sup>29</sup> The literature highlights that ethnic divisions and racism usually translate into democratic ideals such as activism, assembly, minority ethnic representation in government and decentralization of power to ethnic communities.<sup>30</sup> I used the variable *etid* from the Americas Barometer survey. I however, used the major responses (White, Mestizo, Indigenous, Mullaatto, Black and Other) in this analysis as they make a significant sample of respondents that answered the question: Do you consider yourself white, mestizo, indigenous, black, mulatto, or of another race? This is a categorical and the responses are coded 1 (White), 2 (Mestizo), 3 (Black), 4 (Mulatto) 5 (Other).

It is a general belief within the social sciences that higher educational attainment is usually positively correlated with higher democratic participation among citizens. Thus the educational attainment (*Years of Education*) of respondents is controlled for in this study so as to

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<sup>28</sup> Pena, Yesilernis, Sidanius, Jim, and Mark Sawyer, "Racial Democracy in the Americas: A Latin and U.S. Comparison," *Journal of Cross-Cultural Psychology* 35, no. 6 (2004): 749, accessed March 28, 2016, doi: 10.1177/0022022104270118.

<sup>29</sup> I.S.R. Pape, "Indigenous Movements and the Andean Dynamics of Ethnicity and Class: Organization, Representation, and Political Practice in the Bolivian Highlands," *Latin American Perspectives* 36, no.4 (2009): 101, accessed March 28, 2016, <http://0-lap.sagepub.com.bravecat.uncp.edu/content/36/4/101.full.pdf+html>.

<sup>30</sup> Judith A. Morrison, "Social Movements In Latin America" in *Social Movements in Latin America: The Power of Regional and National Networks*, eds. Kwame Dixon and John Burdick (Gainesville: University Press of Florida, 2012), 257-261.

test the generalizability of the education-democracy theory. As it relates to support for direct democracy, it was found that voters who lacked a college degree were “less supportive of direct democracy compared to college graduates.”<sup>31</sup> While this study centralized on direct democracy as opposed to republican democracy and while the results were relevant to studies in North America; I hypothesize that the relationship in this paper will mirror that of the aforementioned study. That is, the more years of education one receives the more likely they are to support the idea of democracy. I used variable “*ed*” which represents the years of schooling for respondents. The responses range from 0 (None) to 18 (18+ years).

As stated, most of Latin American and the Caribbean countries took on more leftist sentiments in regards to the executive branches of government. However, while the region has taken on more left-wing populist sentiments, democracy is still the dominant form of governance. Consequently, the question arises: how much does one’s *Political Orientation* influence his/her support for democracy? It is evident that LAC’s shift to left-wing governments is and was influenced by growing leftist sympathy among the electorate. However, although most of these governments and their officials threaten and undermine democracy, does it necessarily mean that their leftist supporters intentionally put them in office to do just that. Seligson writes that in Latin America as one’s political ideology becomes more leftist the less

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<sup>31</sup> Loren Collingwood, Levels of Education and Support for Direct Democracy,” *American Politics Research* 40, no.4 (2012): 571, accessed April 4, 2016, doi: 10.1177/1532673X11428805.

credence that person has in the Churchillian view of democracy which is means that democracy is the best form of all other governing systems.<sup>32</sup> I also hypothesize, in this study that the more left one becomes the more they will lose belief in that democracy is the best form of governance. In order to measure how respondents *Political Orientation* impact their support for democracy, I included in the model item (11) from the Americas Barometer. Responses are coded from 0 (left) to 10 (right).

Economic crises usually result in disruption in the labor market. Graham and Sukhtankar found that trust in democratic institutions were shaken among those who were self-employed and unemployed after a brief economic crisis that hit the region in the early 2000's.<sup>33</sup> Consequently, I also account for respondents' *Employment Status* by utilizing variable *ocup4a* of the Americas Barometer survey. Responses are coded from 1 to 7. I recoded the data so as to only take into account respondents who are "Working," "Not Working, but have a job," "Actively looking for a job," and "Students." By recoding the data, as is seen in the previous sentence, I am able to account for individuals who may be employed, laid off, and cyclically employed. The altered responses are now coded 1 to 4.

#### Country level variables

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<sup>32</sup> Mitchell A. Seligson, "The Rise of Populism and the Left in America," *Journal of Democracy* 18, no. 18 (2007): 88, accessed April 6, 2016, doi: 10.1353/jod.2007.0057.

<sup>33</sup> Carol Graham and Sandip Sukhtankar, "Does Economic Crisis Reduce Support for Markets and Democracy in Latin America? Some Evidence from Surveys of Public Opinion and Well Being," *Journal of Latin American Studies* 36, no. 2 (2004): 372, accessed February 12, 2016, doi: <http://dx.doi.org/10.1017/S0022216X0400745X>.



I also account for systemic variables and the effect they may have on the dependent variable. The 2012 Gini coefficients of 13 of the 17 countries were added to the data set using the *gini* variable. The data was acquired from the World Bank database.<sup>34</sup> The Gini index measures a country's distribution of wealth among its citizens with 0 being perfect equality and 100 perfect inequality. Belize, Guatemala, Jamaica and Nicaragua did not report 2012 data to the World Bank. I however used the 2013 Gini coefficients of these countries which were obtained from the UNDP Human Development Report Office.<sup>35</sup>

Economic development is strongly correlated with development and democratization, in particular.<sup>36</sup> I took into account the effect that countries GDP per capita could have on the dependent variable. Consequently, *gdp* variable was used and it covered 2012 GDP per capita data. The indicators were obtained from the World Bank.

I also included the level of democracy in the model. The level of democracy is measured using the Economist Intelligence Unit's Democracy Index. The index has an overall score that ranges from 0-10 and the scores are divided and categorized into full democracies; flawed democracies; hybrid regimes; and authoritarian regimes.<sup>37</sup> The scores of all countries were

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<sup>34</sup> "GINI index (World Bank Estimates)," World Bank, accessed April 6, 2016, <http://data.worldbank.org/indicator/SI.POV.GINI>

<sup>35</sup> "Income GINI coefficient," United Nations Development Programme, accessed April 12, 2016, <http://hdr.undp.org/en/content/income-gini-coefficient>

<sup>36</sup> Francis Fukuyama, "Dealing with Inequality" in *Poverty, Inequality and Democracy*, eds. Francis Fukuyama, Larry Diamond and Marc F. Plattner (Baltimore: The Johns Hopkins University Press, 2012), 7-8.

<sup>37</sup> "Democracy at a Standstill," The Economist Intelligence Unit, accessed April 19, 2016, <http://www.visionofhumanity.org/sites/default/files/Democracy%20Index.pdf>.

documented except that of Belize which was not included in the Democracy Index. The *dem* variable accounts for these scores.

## Results

Four models were tested to estimate the effects of the above variables on *Support for Democracy*. The models are ordered logistic regressions. Model 1 predicts from the variables *Inequality Ideology* and *Political Orientation*. Model 2 adds variables *Ethnicity* and *Employment Status* both of which are categorical variables. The responses were singled out in the model in order to capture how each responses affected the dependent variable. Model 3 further incorporated the individual-level variables *Sex* and *Age*. Finally, Model 4 adds controls for country-level variables, such as for the Gini coefficients, GDP per capita and the Level/State of Democracy. The results are documented in Table II.

**Table II. Determinants of Support for Democracy, Ordered Logistic Regression Model**

	<b>Model 1 b/(SE)</b>	<b>Model 2 b/(SE)</b>	<b>Model 3 b/(SE)</b>	<b>Model 4 b/(SE)</b>
<b>Individual- level variables</b>				
	0.275***	0.277***	0.279***	0.268***

<i>Inequality Ideology</i>	(0.0383)	(0.0313)	(0.0313)	(0.0314)
<b>Political Orientation</b>	0.0469* (0.0232)	0.0476* (0.0227)	0.0459* (0.0223)	0.0466* (0.0210)
<i>Years of Education</i>		0.0437*** (0.0116)	0.0556*** (0.0123)	0.0524*** (0.0106)
<b>Ethnicity</b>				
<i>Mestizo</i>		-0.307 (0.187)	-0.302 (0.178)	-0.238* (0.0946)
<i>Indigenous</i>		-0.381 (0.228)	-0.367 (0.216)	-0.148 (0.150)
<i>Black</i>		0.0228 (0.217)	-0.0131 (0.214)	0.269* (0.123)
<i>Mulatto</i>		-0.145 (0.211)	-0.128 (0.208)	-0.160 (0.132)
<i>Other</i>		-0.422* (0.202)	-0.433* (0.201)	-0.340* (0.146)
<b>Employment Status</b>				
<i>Off Work</i>		0.180 (0.305)	0.184 (0.309)	0.199 (0.286)
<i>Unemployed</i>		-0.167 (0.117)	-0.0815 (0.0909)	-0.0217 (0.0941)
<i>Student</i>		-0.155* (0.0705)	0.0703 (0.0501)	0.129* (0.0535)
<i>Age</i>			0.0146*** (0.00305)	0.0148*** (0.00278)
<i>Sex</i>			-0.105* (0.0515)	-0.104* (0.0488)
<i>Gini</i>				-0.0253 (0.0189)
<i>GDP</i>				0.0000784* (0.0000391)
<i>Level of Democracy</i>				-0.161 (0.155)
<i>N</i>	14010	14010	13953	13533
<i>BIC</i>	48154.9	47959.1	47596.2	45930.8

Standard errors in parentheses

\* p<0.05, \*\* p<0.01, \*\*\* p<0.001

Model 1 disconfirms the proposed hypothesis that citizens who perceived that inequality should be reduced are more likely to view democracy as an imperfect form of governance. The results were highly statistically significant (p<0.001). It is also worth noting that this significance

is consistent across all four models, highlighting that the effect of Income Ideology did not change as more variables were incorporated. Model 1 disconfirms the hypothesis that as citizens become more leftist they are more likely to disagree that democracy is the best form of government.<sup>38</sup> The *Political Orientation* coefficient was positive and statistically significant ( $p < 0.05$ ) across all four models. These results however may also highlight that those on the right may lose faith in democracy and favor extreme right-wing populism as the latter is also undermines democracy.<sup>39</sup>

The results from Model 2 further buttress the hypothesis as citizens acquire more *Years of Education* they are more likely to believe that democracy is the best of all other forms of governance.<sup>40</sup> The coefficients of *Years of Education* remained highly statistically significant ( $p < 0.001$ ) across Model 2 to 4.

Model 2 also included the dummy variables *Ethnicity* and *Employment Status*. As it relates to *Ethnicity*, respondents who identified themselves as “Mestizos” and “Indigenous” were less likely than those who identified as “White” to have a Churchillian view of democracy. However the findings were not statistically significant in the second and third models, except for the findings related to Mestizos which was significant in the final model. Those who identified as “Black” were more likely to favor democratic institutions. This finding may stem from the fact

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<sup>38</sup> Mitchell A. Seligson, “The Rise of Populism and the Left in America,” *Journal of Democracy* 18, no. 18 (2007): 88, accessed April 6, 2016, doi: 10.1353/jod.2007.0057.

<sup>39</sup> Kurt Weyland, Why Latin America is Becoming Less Democratic, *The Atlantic*, July 15, 2013, <http://www.theatlantic.com/international/archive/2013/07/why-latin-america-is-becoming-less-democratic/277803/>

<sup>40</sup> Loren Collingwood, Levels of Education and Support for Direct Democracy,” *American Politics Research* 40, no.4 (2012): 571, accessed April 4, 2016, doi: 10.1177/1532673X11428805.

that black people, especially those in South America, may regard democratic mechanisms as effective ways of representing their interests in such a varied socio-political landscape.<sup>41</sup>

Respondents who identified as “Other” were also less likely to agree. This finding remained statistically significant across models. Employment Status did not have a significant effect on *Support for Democracy*. Students however were more likely to disagree on the exceptionality of democracy than those who were employed. The results were only statistically significant in the second and fourth models.

In terms of Age and Sex, as the age of respondents increased the likelihood of supporting democracy also increased. Males, however, were less likely to believe in the exceptionality of democracy. The results were statistically significant in Model 3 and 4.

Of the three country-level variables, only GDP per capita was statistically significant. The result was in keeping with the positive relationship between economic well-being and democracy – countries with higher purchasing power parity are more likely to have higher rates and, in this case, *Support for Democracy*.

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<sup>41</sup> Judith A. Morrison, “Social Movements In Latin America” in *Social Movements in Latin America: The Power of Regional and National Networks*, eds. Kwame Dixon and John Burdick (Gainesville: University Press of Florida, 2012), 257-261.

## Conclusion

Latin America and the Caribbean underwent a systemic transition which scholars have identified as the third wave of democratization.<sup>42</sup> Although the region ranks high in democratic standards compared to other regions of the so-called Global South, economic inequality remains a challenge.<sup>43</sup> Consequently, this phenomenon has given rise to the “New Left” as progressive populist leaders have gained influential power throughout the region.<sup>44</sup> Many perceive this as a threat to democracy as these leftist and, sometimes rightwing authoritarians, seek to reform the economic and political fabric of their respective countries.<sup>45</sup> Nonetheless, these potential reformers were only able to acquire their status through the support of the masses.<sup>46</sup> This paper focused on the relationship between subjective perceptions of inequality and subjective support for democracy and its institutions.

Much of the literature posit that democracy is indeed threatened in Latin America and the Caribbean and inequality largely fuels this threat. This paper sought to add more basis to the existing literature. The proposed hypothesis states that, in Latin America and the Caribbean,

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<sup>42</sup> Craig Arceneaux, “Latin America” in *The Other World: Issues and Politics of the Developing World*, eds. Joseph N. Weatherby, Craig Arceneaux, Emmitt B. Evans, Jr., Dianne Long, Ira Reed, and Olga D. Novikova-Carter (New York: Pearson Education, Inc., 2011), 116-119.

<sup>43</sup> Ronn Pineo, “The Free Market Experiment in Latin America: Moving Beyond Past Policies to Search for a Pathway Forward,” *Journal of Developing Societies* 30, no.2 (2014): 172, accessed March 17, 2016, doi: 10.1177/0169796X14525534.

<sup>44</sup> Craig Arceneaux, “Latin America” in *The Other World: Issues and Politics of the Developing World*, eds. Joseph N. Weatherby, Craig Arceneaux, Emmitt B. Evans, Jr., Dianne Long, Ira Reed, and Olga D. Novikova-Carter (New York: Pearson Education, Inc., 2011), 119.

<sup>45</sup> *Ibid.*

<sup>46</sup> Alejandro Toledo, “Latin America: Democracy with Development” in *Poverty, Inequality and Democracy*, eds. Francis Fukuyama, Larry Diamond and Marc F. Plattner (Baltimore: The Johns Hopkins University Press, 2012), 41.

citizens who believe that economic inequality is high and should be reduced are more likely to lose faith in democratic institutions.

In developing the model to test this relationship, I controlled for respondents' *Political Orientation, Years of Schooling, Ethnicity, Employment Status, Sex and Age*. I also incorporated institutional-level variables: *Gini coefficient, GDP per capita and Level of Democracy*. Using an ordered logistic regression, I ran four models to analyze how the effects of variables would vary.

The results however did not mirror that of much of the literature and it also disconfirmed my hypothesis. In sum, I rejected the hypothesis. Respondents who believed that the government should reduce inequality were more likely to believe that democracy is the best form of government. This result buttresses Graham and Sukhtankar's claim that respondents in Latin America still favor democracy although they may believe that the current democratic government (such as democratically elected officials) is ineffective. The results however confirmed the hypotheses that those who identified as leftists are less likely to have a Churchillian view of democracy and that those who have more education are more likely to agree that democracy is exceptional. Additionally, the results further established the positive correlation between economic development and democratization as an increase in GDP per capita may likely translate to an increase in subjective support for democratic institutions.

In conclusion, this paper centralizes on a fundamental feature of the socio-economic and political makeup of the region. More research is warranted in this field. Although a majority of the literature posits a decline in the support for democracy in Latin America and the Caribbean, this paper may point to a different perspective of approaching the relationship between inequality and democratization in the region.



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## Appendix A

**Table I. Summary of Variables**

<b>Variables</b>	<b>Observations</b>	<b>Mean</b>	<b>Std. Dev.</b>	<b>Min</b>	<b>Max</b>
Dependent Variable					
<b><i>Support for Democracy</i></b>	14,128	5.190827	1.740216	1	7
Independent Variable					
<b><i>Inequality Ideology</i></b>	14,363	5.765369	1.58251	1	7
Control Variables					
<b><i>Political Orientation</i></b>	14,553	5.433175	2.696042	1	10
<b><i>Years of Education</i></b>	14,553	9.986532	4.168122	0	18
<b><i>Ethnicity</i></b>	14,553	2.433381	1.263456	1	7
<b><i>Employment Status</i></b>	14,553	1.624888	1.050448	1	4
<b><i>Age</i></b>	14,491	36.29874	13.73065	16	99
<b><i>Sex</i></b>	14,553	1.364805	0.4813918	1	2
Country-level Variables					
<b><i>Gini coefficient</i></b>	14,553	49.42877	6.025308	40.5	60.8
<b><i>GDP per capita</i></b>	14,553	6283.831	3931.981	766.9	15127.6
<b><i>Level of Democracy</i></b>	14,100	6.400867	1.057219	3.96	8.17

## Appendix B

**Table 2. Determinants of Support for Democracy, Ordered Logistic Regression Model**

	<b>Model 1 b/(SE)</b>	<b>Model 2 b/(SE)</b>	<b>Model 3 b/(SE)</b>	<b>Model 4 b/(SE)</b>
<b>Individual- level variables</b>				
<i>Inequality Ideology</i>	0.275*** (0.0383)	0.277*** (0.0313)	0.279*** (0.0313)	0.268*** (0.0314)
<b><i>Political Orientation</i></b>	0.0469* (0.0232)	0.0476* (0.0227)	0.0459* (0.0223)	0.0466* (0.0210)
<i>Years of Education</i>		0.0437*** (0.0116)	0.0556*** (0.0123)	0.0524*** (0.0106)
<b>Ethnicity</b>				
<i>Mestizo</i>		-0.307 (0.187)	-0.302 (0.178)	-0.238* (0.0946)
<i>Indigenous</i>		-0.381 (0.228)	-0.367 (0.216)	-0.148 (0.150)
<i>Black</i>		0.0228 (0.217)	-0.0131 (0.214)	0.269* (0.123)
<i>Mulatto</i>		-0.145 (0.211)	-0.128 (0.208)	-0.160 (0.132)
<i>Other</i>		-0.422* (0.202)	-0.433* (0.201)	-0.340* (0.146)
<b>Employment Status</b>				
<i>Off Work</i>		0.180 (0.305)	0.184 (0.309)	0.199 (0.286)
<i>Unemployed</i>		-0.167 (0.117)	-0.0815 (0.0909)	-0.0217 (0.0941)
<i>Student</i>		-0.155* (0.0705)	0.0703 (0.0501)	0.129* (0.0535)
<i>Age</i>			0.0146*** (0.00305)	0.0148*** (0.00278)
<i>Sex</i>			-0.105* (0.0515)	-0.104* (0.0488)
<i>Gini</i>				-0.0253 (0.0189)
<i>GDP</i>				0.0000784* (0.0000391)
<i>Level of Democracy</i>				-0.161 (0.155)
<i>N</i>	14010	14010	13953	13533
<i>BIC</i>	48154.9	47959.1	47596.2	45930.8

Standard errors in parentheses

\* p<0.05, \*\* p<0.01, \*\*\* p<0.001