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Economic Development, Corruption and
Satisfaction with Democracy across the
Americas: A Comparative Multilevel Analysis



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Resumen: Las percepciones sobre la democracia son relevantes para la estabilidad y sostenibilidad de los sistemas políticos. Las investigaciones previas han identificado al desarrollo económico y a la corrupción como dos factores que inciden de manera importante en las percepciones ciudadanas sobre el funcionamiento de la democracia. Sin embargo, poco se sabe acerca de la interacción entre estas dos variables. Este artículo evalúa los efectos de la economía y la corrupción, tanto a nivel individual como nacional, sobre la satisfacción de los ciudadanos respecto de la democracia. A través de un modelo de regresión multinivel es posible comprobar de manera sistemática el impacto de los indicadores de desarrollo económico y corrupción medidos a nivel nacional. También se examinan explicaciones alternativas a nivel individual para 22 países de las Américas. Se presta especial atención a la interacción, por un lado, entre los niveles percibidos de corrupción y la victimización de la corrupción y, por el otro, los niveles de corrupción percibidos y el desarrollo económico a nivel nacional. Para esta investigación se utilizan los datos de la encuesta del Barómetro de las Américas 2008, del Programa de las Naciones Unidas para el Desarrollo y de Transparencia Internacional.

Palabras clave: satisfacción con la democracia, desarrollo económico, corrupción, opinión pública.

Abstract: Perceptions about democracy are relevant for the stability and sustainability of political systems. Previous research has identified economic development and corruption as two significant factors that impact citizens' views about the way democracy works. However, little is known about the interaction between these two variables. This paper assesses the effects of the economy and corruption at both the national and individual levels on citizens' democratic satisfaction. By employing a multilevel regression model, we are able to test systematically the indicators of economic development and corruption at the national level. We also test competing explanations at the individual level for twenty-two countries in the Americas. We pay special attention to the interaction between perceived individual levels of corruption, corruption victimization, and perceived levels of corruption and economic development at the national level. For this research, we rely on survey data provided by the AmericasBarometer 2008, data from the United Nations Development Programme (UNDP) and Transparency International.

Key words: satisfaction with democracy, economic development, corruption, public opinion.



I. Introduction

Citizens' attitudes toward the political system are essential for the development and sustainability of any democracy. One of the multiple dimensions of political support refers to regime performance, which has been widely addressed by assessing the levels of democratic satisfaction (Anderson and Guillory 1997; Fuch, Guidorossi and Svensson 1995; Aarts and Thomassen 2008; Schechtel 2010). Previous research on this topic has focused on the determinants that explain these levels, among which certain economic factors stand out. Specifically, citizens' perceptions about their personal and national economic situation and actual economic development influence evaluations of the way democracies work (Clarke, Dutt and Kornberg 1993; Kornberg and Clarke 1992; Chu, Bratton, Lagos, Shastri and Tessler 2008). Moreover, corruption has been identified as a practice that weakens the belief in the legitimacy of political systems (Stephen 1999; Seligson 2002; Anderson and Tverdova 2003; Chang and Chu 2006). While some scholars have examined independently the impact of certain individual and national factors on democratic satisfaction, little is known about the impact that the interactions between national levels of corruption perception, economic development and individual level characteristics have on democratic performance evaluations.

In this paper, we aim to analyze satisfaction with the way democracy works in Latin America and the Caribbean. Most of these nations belong to the so-called new democracies which experienced democratic transitions in recent decades and still face some challenges in their process of consolidation. Thus, evaluating the determinants of this regime performance indicator is especially relevant in a region still prone to political and economic instability. By employing a multilevel regression model, the main contribution of this work is to assess the effects of corruption and the economy at both the national and individual levels. As Anderson and Guillory state "a country's context has rarely been incorporated explicitly into explanations of system support or satisfaction with democracy and political institutions" (Anderson and Guillory 1997) or when included, the relationship between individual and contextual variables has not been appropriately addressed (Wagner, Schneider and Halla 2009). With the help of survey data from the 2008 AmericasBarometer, data from the United Nations Development Programme (UNDP), and from Transparency International, we are able to examine the



effects of theoretically relevant variables at both levels on citizens' democratic satisfaction.

We are interested in responding to the following questions: 1) At the individual level, are individual economic and political perceptions related to satisfaction with democracy? 2) At the country level, are different levels of corruption perception and economic development linked to democratic satisfaction? 3) The interaction between levels: Are the effects of individual economic and political perceptions moderated by national economic and political performance?

At the individual level, we expect that citizens in the Americas who positively evaluate their national and personal economic situation and political performance (e.g., the fight against corruption) will be more satisfied with the way democracy works. Our main contribution, nonetheless, rests on the interaction between national economic development, corruption perception and personal experiences with corruption. We assume that different levels of economic development at the national level generate different expectations among citizens, which is going to affect their evaluations about the performance of the political system. We know for instance that affluent countries experience less corruption (Treisman 2000) and that economic development reduces incentives and opportunities to incur corrupt practices (Sandholtz and Koetzle 2000). Moreover, in open societies where “equal treatment applies to everyone regardless of the group to which one belongs” (Mungiu 2006), the opportunity for corrupt practices decreases and become less common. Individuals living in less corrupt societies will tend to experience less corruption and become intolerant toward these practices when they happen, resulting in higher levels of perceived corruption, which in turn, will reduce democratic satisfaction. The dissatisfaction of these citizens relates to “the failure of their governments to provide, at a minimum, rule of law, and at the maximum, fair policy making that does not favor certain groups over others” (Mungiu 2006). Conversely, notwithstanding the well documented negative effects of corruption, citizens in less developed societies (which tend to be more corrupt nations) will be more receptive to corruption as citizens in these nations will be more likely accustomed to these practices, moderating its negative effect on democratic satisfaction, that is, the impact will be much weaker than in more prosperous societies.



Figure I. *Satisfaction with Democracy across Latin America and the Caribbean*

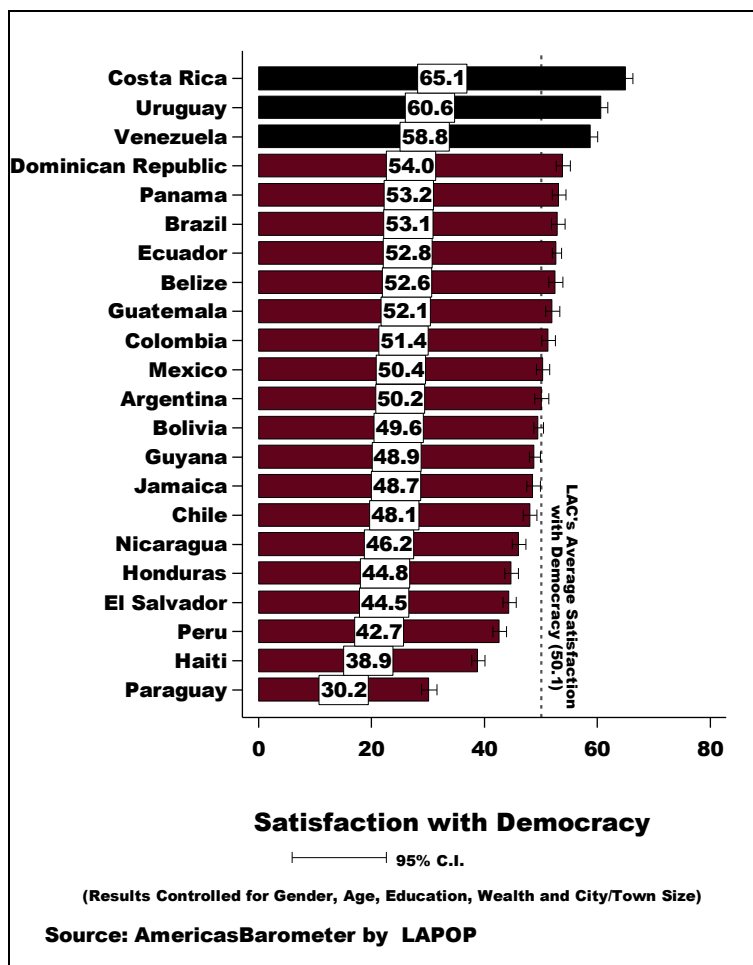
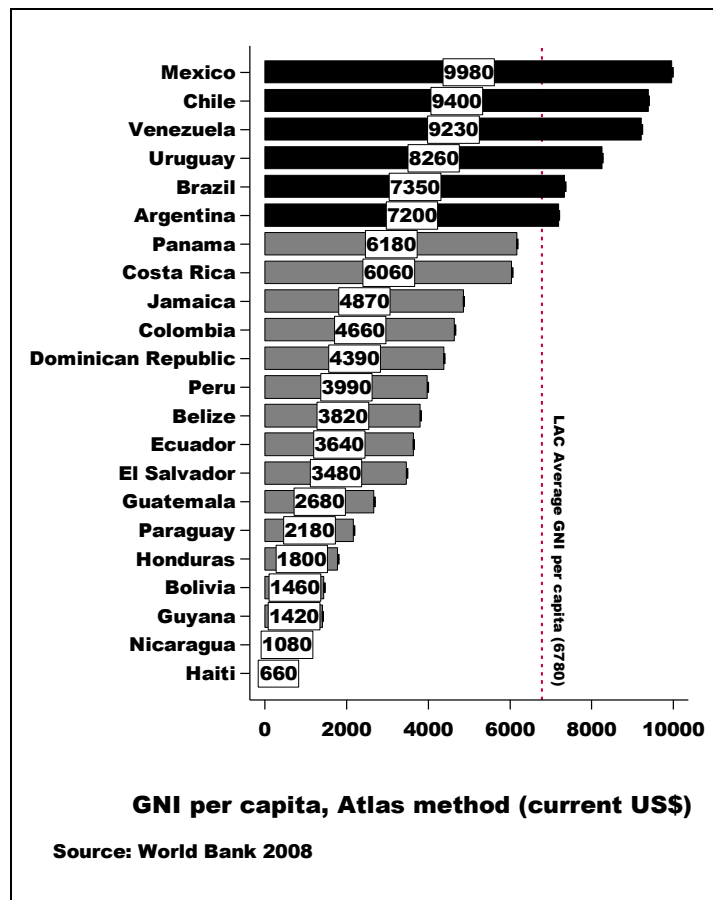


Figure I shows cross-national variations of satisfaction with democracy in the Latin American and Caribbean region. We first note that nations with the highest levels of democratic satisfaction are Costa Rica, Uruguay, and Venezuela with averages above 55 points on a 0-100 scale¹. At the other end, Haiti and Paraguay exhibit, on average, 38.9 and 30.2 points on the same scale. Moreover, half of the countries locate themselves above and below the regional average of 50.1 points of satisfaction with democracy.

¹ Detailed explanations on the variables shown in these figures are displayed in later sections of this article.



Figure II. *National Wealth Across Latin America and the Caribbean (GNI per capita)*



We also illustrate national-level economic and political characteristics. Figure II shows that national wealth, measured by Gross National Income (GNI) per capita, varies significantly across countries, with Mexico and Chile on top and Nicaragua and Haiti at the bottom. Only five countries exceed the average regional national wealth of \$6,780 in 2008. These figures demonstrate the marked differences in wealth between nations across Latin America and the Caribbean. Take for instance Mexico and Chile at the higher end and Paraguay and Haiti at the lower end, the differences are striking. Paraguayan and Haitian national wealth correspond to only 21.8% and 6.6%, respectively, of that of Mexico. Similar percentages are shown with respect to Chile's national wealth. Therefore, it is not surprising that both countries show the lowest satisfaction with democracy in the region. Though certain countries in between these two extremes do not match this pattern, there does appear to be some aggregate relationship between satisfaction with democracy and a country's economic performance. Perhaps one reason some countries do not conform to the general pattern is their experiences with corruption, which is analyzed next.



Figure III. *Corruption across Latin America and the Caribbean*

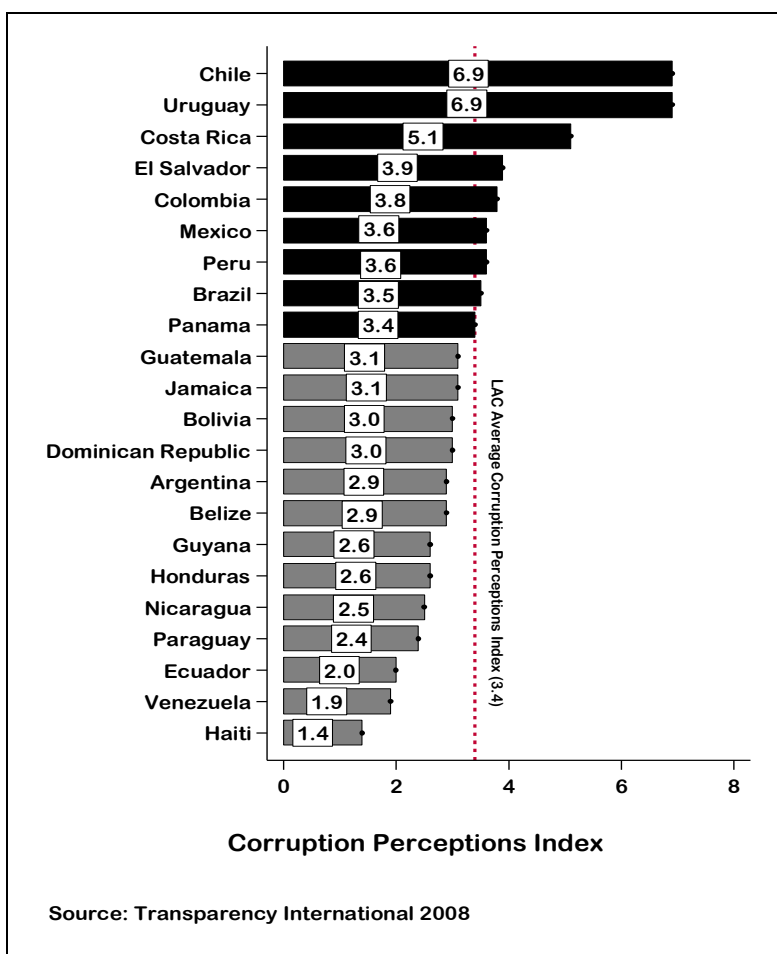


Figure III also shows that national perceived levels of corruption, measured by the Corruption Perceptions Index by Transparency International, vary significantly across countries. Keep in mind that higher numbers denote more transparent nations and lower numbers represent highly perceived corrupt nations. Chile and Uruguay, for instance, are the most transparent nations in Latin America, whereas Ecuador, Venezuela and Haiti are the most corrupt. Uruguay, a rich country that displays the lowest perceived levels of corruption, also shows the most satisfied citizens with democracy in the region. Haiti, on the other hand, a poor and highly corrupt nation, shows the least satisfied citizens, after Paraguay (Figure 1). Yet Chile remains one of the wealthiest and more transparent nations in Latin America, but also exhibits low levels of democratic satisfaction. What makes Chilean citizens dissatisfied with the way their democracy works despite Chile's high levels of wealth and transparency?



These results provide preliminary evidence in support for our expectations that rich countries tend to be less corrupt and more satisfied with the way democracy works, on the one hand, and poor nations are more likely to be perceived as highly corrupt and less satisfied with their democracies, on the other.² Still, cases such as Chile indicate that a country's successful economic development do not necessarily translate into high level of democratic satisfaction. We turn next, to explain why.

The remainder of this article examines the theoretical framework on which this paper is based, followed by a description of the data and method employed, and concludes with a discussion of the results and the corresponding implications of the analyses.

II. Theory

New democracies in Latin America are facing several problems that undermine the quality of those democracies. One of these problems is the lack of accountability, both vertical and horizontal (Mainwaring and Welna 2003; O'Donnell 1999; Peruzzotti and Smulovitz 2006), which highlights the disconnection between citizens and government and among different government agencies. One of the results of this lack of accountability is the persistence of corruption in the region.

High levels of corruption have important effects on citizens' opinions and attitudes, such as the erosion of political trust or legitimacy (Canache and Allison 2005) and interpersonal trust (Morris and Klesner 2010). However, little is known about the effects of corruption in different contexts. In other words, is the impact of corruption on attitudes towards democracy the same across different economic contexts and/or national levels of corruption perception? We explore this question in the specific case of Latin America, a region still facing problems of high corruption despite marked economic improvements in recent years. By taking into consideration the discussion on the different indicators that could be used to analyze attitudes toward democracy, we

² The correlations between low national levels of corruption perception (CPI) and national wealth (GDP) is 0.62; CPI and democracy (measured by the Freedom House Organization) is 0.76; and GDP and democracy is 0.72.



focus on regime performance as a way to measure how democratic political systems function in practice, according to citizens in Latin America and the Caribbean.

Despite a long debate related to what exactly measures citizens' satisfaction with democracy³ or the possible multiple interpretations of this concept (Canache, Mondak and Seligson 2001; Norris 1999), we join some scholars who consider this question as a valid and reliable indicator of attitudes toward the political system and of how citizens view the current regime (Fuchs, Guidorossi and Svensson 1995; Linde and Ekman 2003; Sarsfield and Echegaray 2006; Karp, Banducci and Bowler 2003). In sum, we are interested in perceptions of how democracy performs in practice, instead of support for the ideal of democracy. Put differently, we want to assess people's responses to actual system performance, which is essential in building political legitimacy (Anderson and Tverdova 2003; Gilley 2006).

As many scholars have demonstrated, political legitimacy has important effects on how citizens participate or interact with their political systems (Booth and Seligson 2005; Norris 1999). Therefore, the study of satisfaction with democracy is especially significant given the implications that it has for other essential elements of democracy.

What explains satisfaction with democracy? Previous research has shown that democratic satisfaction is related to both economic and political factors, although there is an ongoing debate about which of them prevails over the other (Przeworsky, Álvarez, Cheibub and Limongi 2000; Converse and Kapstein 2006; Rueschemeyer, Huber and Stephens 1992; Boix and Stokes 2003). On the one hand, the economy is one of the key factors shaping attitudes toward democracy in general. Scholars have found that perceptions of personal and national economic conditions are linked to system support and satisfaction with the way democracy works (Anderson and Guillory 1997; Clarke, Dutt and Kornberg 1993; Chu *et al.* 2008; Dalton 2004; Kornberg and Clarke 1992; Rose, Mishler and Haerpfer 1998; Seligson and Smith 2010). This relationship between economic perceptions and satisfaction with democracy derives from the importance that citizens give to system outputs or its performance (Weatherford 1984; Mattes and Bratton 2001 and 2007; Smith

³ Traditionally, scholars have used the following question as a measure of democratic support or satisfaction: "In general, would you say that you are very satisfied, satisfied, dissatisfied or very dissatisfied with the way democracy works in your country?"



2005). As Lipset (1981) argues, economic uncertainty generates insecurity that affects citizens' political attitudes. If democracy is able to provide economic goods and citizens are satisfied with these outputs they are more likely to have general positive attitudes toward democracy. In other words, citizens evaluate the costs and benefits linked with democratic performance and side themselves with arrangements that better serve their interests. If citizens feel that their governments have not fulfilled their promises of economic well-being, their satisfaction with the way democracy works will be weakened; whereas the opposite is true if citizens' expectations of both overarching national economic wealth and individual economic wealth are met. Even though some research suggests that political variables matter far more than economic considerations in shaping citizens' views toward democracy (Aarts and Thomassen 2008; Anderson 1998; Hofferbert and Klingemann 1999), there is widespread agreement (Anderson and Guillory 1997; Rose, Mishler and Haerpfer 1998; Booth and Seligson 2009; Salinas and Booth 2011) of the systematic effects of economic performance on the way people evaluate their political systems (Linde and Ekman 2003). As a result, we expect that the more dissatisfied Latin American citizens are with their personal and national economic situation, the more they will express negative opinions regarding the way democracy works.

Moreover, the benefits of national economic development are palpable as prosperous societies are more likely to provide goods and services to their populations. Specifically, in economically developed states, citizens are better able to meet their basic needs and self-develop (Amartya 1999). We expect, therefore, different effects on democratic satisfaction depending on the level of development. Once we take into consideration the impact of context on individuals' perceptions, it is possible that an individual living in a wealthy nation with a certain set of economic characteristics is more likely to express higher levels of democratic satisfaction than a person with the same set of characteristics in a poor nation. Thus, we not only anticipate that affluent societies produce more favorable conditions for democracy and a context to develop support and satisfaction with the way that system works, but we also expect that varying levels of national wealth will have a moderating effect on citizens' democratic satisfaction. As we mention later, we conjecture that experiences with corruption at the individual level will influence distinctively citizens' democratic satisfaction at varying levels of national wealth.



Another key aspect of regime performance is how problems of corruption are addressed. Corruption is one of the most severe and ever-present problems in the developing world, not only because of its well-known detrimental effects on economic growth (Mauro 1995; Seyf 2001; Drury, Kriekhauss and Lusztig 2006), but also because it weakens the belief in the legitimacy of the political system (Morris 1999; Seligson 2002; Anderson and Tverdova 2003).

What is corruption and why is it relevant for satisfaction with democracy? Corruption has been more generally defined as “the improper use of public office in exchange for private gain” (Sandholtz and Koetzle 2000). Corruption is important because it undermines attitudes toward democracy since it serves as a signal that laws are not administered equitably and fairly, and that citizens do not have the same rights and access to the public arena. Even though previous research shows that corruption affects the perception of authorities and institutional performance rather than support for democracy in general (Canache and Allison 2005), we might expect that this failure of the rule of law undermines citizens’ faith in the democratic process. This research is relevant for our study as it shows that despite the general public’s dissatisfaction with democratic processes, the overall impact of corruption rests on its procedures and not on its support as a form of government. In other words, corruption negatively affects citizens’ satisfaction with democracy in practice.

Corruption undermines democratic rule especially when public goods are accessible only for those individuals who have connections and/or have the means to pay for those services (Treisman 2000). Specifically, services will be offered only if bribes are paid, denying those services to those who are underprivileged, consequently resulting “in uneven and often inferior services to many” (Seligson 2002). As Sandholtz and Koetzle point out “corruption erodes some of the core values of a democracy, namely, that collective decision should emerge from public processes guided by known rules, and that all citizens should have equal access to those processes” (Sandholtz and Koetzle 2000). In short, corrupt practices corrode the rule of law by violating important principles of democratic governance such as transparency and equal treatment applied to everyone. It is well-known that without the appropriate functioning of institutions, democracy is damaged (North 1999). Thus, we expect that if a great number of the citizenry does not have access to public services unless they “pay” for those services or if they find



themselves constantly paying for services that should be publicly available, the more likely they will become dissatisfied with their political systems.

Another point of consideration is the connection between the incidence of corrupt practices and the wealth of nations. In countries where incomes are quite low, the economy produces minimal wealth for the average citizen. As Sandholtz and Koetzle's also points out "low average incomes create certain structural incentives for corrupt behaviors [...] paying a bribe can be worth the expense and risk if it is likely to result in greater gains in income; receiving a bribe produces a direct boost in income" (Mungiu 2006; Tanzi and Davoodi 2002; Treisman 2000). We anticipate, then, that a person living in an affluent nation will be less likely to experience corrupt behavior than a person with the same set of characteristics in a poor nation. When she experiences corruption, nonetheless, the impact will be much stronger on her dissatisfaction with democracy. While one expects that different levels of national wealth will have a moderating effect on citizens' democratic satisfaction, the strength of the relationship between corruption victimization and democratic satisfaction is less clear to assess.

Affluent nations are more likely to enjoy a "working rule of law" or "working institutions" compared to that of poorer nations. And as economic development has been linked with more transparent and open societies, and at the same time, associated with less corruption (Mungiu 2006; Tanzi and Davoodi 2002), opportunities for corrupt behavior are likely to decrease and become less frequent. Explicitly, in established democracies, the citizenry enjoys, at least in theory, equality of opportunity before the state and government officials are more accountable to the public as they have a duty to the collective will. At the same time, the public has the right to evaluate the conduct of public officials and punish them for corrupt practices. Poorer nations, on the other hand, are well known for their institutional deficiencies and inadequacy at fighting corruption. Highly corrupt societies, which tend to be poorer nations, may lack all type of enforcement. We anticipate, therefore, that the more citizens encounter corrupt practices in developed and less corrupt societies where laws are administered equitably and fairly and where citizens have equal rights and access to the public arena, the more negatively they will perceive the performance of their political institutions and show a higher discontentment with the functioning of these institutions.



On the other hand, individuals who experience multiple corrupt practices in less developed societies and more corrupt nations may be more accustomed to these practices and perhaps develop a culture of “tolerance” toward corrupt behavior. Even though experiences with corruption may be frequent in practice, citizen perceived levels of corruption will remain low. As Sandholtz and Koetzle suggest “the public will not care about detecting, publicizing, and punishing corrupt acts unless broadly shared norms treat corruption as antagonistic to basic democratic values” (Sandholtz and Koetzle 2000), or as Seligson found in his 2002 study of corruption, “results support the view that when respondents do not see bribery as a corrupt act, they do not blame the political system for such acts” (Seligson 2002). In short, corruption is detrimental for democracy because even if citizens reside in countries where corruption is a more “accepted” practice, the overall negative effect on satisfaction with democracy is at work (Anderson and Tverdova 2003).

In the following section, we present a model that combines both individual and national level characteristics. Our intention is to assess the extent to which citizens’ satisfaction with democracy is dependent upon both economic and political factors while taking into account national levels of perceived corruption and economic development.

III. Data and Methods

In order to assess the effects of both political and economic factors at the individual and national levels on citizens’ satisfaction with democracy, we rely on a multilevel analysis. Even though there is an emerging availability of multi-country survey data, the majority of studies depend on either individual or aggregate analyses, preventing the simultaneous analysis of the effects of both individual and country level characteristics on citizens’ satisfaction with democracy. Analyses at the individual level can only assume that low levels of economic development and high levels of corruption in some nations may negatively affect citizens’ satisfaction with the way democracy works, but are unable to demonstrate this association empirically. Analyses at the country level, in contrast, speculate that national characteristics –corruption and economic development– influence democratic satisfaction, but fail to explain how individuals in corrupt and poorer nations may differ in their satisfaction with democracy from those who reside in richer and less



corrupt nations. In other words, national level factors may have direct effects, but they also may act as intermediary variables, moderating or intensifying the role of individual level factors. In this study, we hope to address these limitations with the aid of multilevel methods (Raudenbush and Bryk 2002), which take into account both the individual and country level nature of the data and the interaction between both.

The data we employ in this project comes from the AmericasBarometer 2008, involving face-to-face interviews conducted in most of Latin America and the Caribbean, totaling 22 nations⁴. The project used national probability samples of voting-age adults. The merged file includes over 37,000 respondents.⁵

In order to understand the impact of national-level factors and the interaction between levels, we employ data from the United Nations Development Programme (UNDP) and Transparency International (TI). The national wealth of countries is measured by an index based on gross domestic product per capita in purchasing power parity terms in US dollars. The index can take values between 0 and 1.⁶ National corruption, on the other hand, is measured by the TI Corruption Perceptions Index (CPI) which is determined by “expert assessments and opinion surveys.” The CPI ranks countries on a scale from 10 (very clean) to 0 (highly corrupt).⁷

By employing a hierarchical linear model (HLM), we now proceed to the analysis of these questions to better understand the factors that help shape an individual’s satisfaction with democracy.

⁴ Argentina, Belize, Bolivia, Brazil, Canada, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, Guatemala, Guyana, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, El Salvador, the United States, Uruguay and Venezuela. In this paper we exclude Canada and the United States.

⁵ It corresponds to around 1,500 respondents per country, with the exception of Bolivia and Ecuador that have around 3,000 respondents. We include a weight to compensate for those countries. For more information on these surveys, See www.lapopsurveys.org.

⁶ For details on how this index was constructed see UNDP’s Human Development Report 2007/2008. Argentina is the country that ranks highest in this indicator (0.828) and Haiti is the country located at the lower extreme (0.469).

⁷ For details on how this index was constructed see http://www.transparency.org/policy_research/surveys_indices/cpi. The CPI 2008 ranks Chile as “clean” with a score of 6.9 and Haiti as “highly corrupt” with a score of 1.4.



IV. Analytical Strategy

We describe three ways by which political and economic factors might influence citizens' satisfaction with democracy. First, we begin with our dependent variable, satisfaction with democracy, which is an individual's response to the following question: "In general, would you say that you are very satisfied, satisfied, dissatisfied or very dissatisfied with the way democracy works in [name of the country]?" (Figure 1). This item has been widely used in the literature of satisfaction with democracy.

Then we incorporate various economic indicators that previous research suggests influence regime performance evaluations, such as respondents' personal economic conditions and their views of the country's macroeconomic situation. These variables include a measure of individual wealth with an index of household goods ownership⁸ and a measure of the state of employment (recoded into unemployed=1). It is likely that individuals who lost their jobs are more dissatisfied with the way their democracy works than their working counterparts. Then ordinal items that ask interviewees their views of their personal and national economic situation are incorporated to evaluate the idiosyncratic and sociotropic dimension of economic conditions. The items asked: "How would you describe your personal economic situation? Would you say that it is very bad; bad; neither good nor bad; good; very good?" "How would you describe your country's economic situation? Would you say that it is very bad; bad; neither good nor bad; good; very good?" With the inclusion of these multiple measures of economic perceptions and experiences, we hope to capture the role that these factors play in people's satisfaction with democracy.

The second group of variables represents how political factors impact satisfaction with democracy. We seek to incorporate citizens' assessment of government performance into the model. To meet this end, we examine respondents' direct experience with corruption victimization and perceived corruption levels. Fortunately, the Latin American Public Opinion Project has developed a series of items to measure corruption victimization. An

⁸ This item was developed by researchers of the Latin American Public Opinion Project as a way to tease out some concerns with respect to a possible effect of social desirability when asked about income levels. The index consists of a series of items asking interviewees if they possess or not the following items: television set, refrigerator, conventional telephone, cellular telephone, vehicle, microwave oven, motorcycle, running water, indoor plumbing and computer. Positive responses are then summed to produce a "household goods index" from 0-9.



example of questions asked to define corrupt practices is: “Within the last year, have you had to pay a bribe to a government official?”. Similar questions about bribery demands were asked at the level of local government, in the public schools, at work, in the courts, in public health facilities, etc. This series allows us to assess the frequency of citizens’ direct experiences with corruption as well as to construct overall scales of corruption victimization. The index of corruption victimization goes from 0-6.⁹ In addition, the variable that gauges perceptions of corruption asks: “Taking into account your own experience or what you have heard, corruption among public officials is very common, common, uncommon, or very uncommon?”. Given that the main objective of this article is to analyze the impact of national levels of perceived corruption on citizens’ satisfaction with democracy, we do not focus on the impact of different types of corruption victimization at the individual level. Instead, we pay special attention to the perception and frequency of experiences with corruption.

Scholars consistently highlight the influence that perceptions about the government’s performance in delivering economic and political goods exercise on democratic satisfaction (Bratton and Mattes 2001). We expect, then, that positive evaluations of the current administration have a positive effect on the levels of democratic satisfaction across the region. An index of the perception of government efficacy in order to control for citizens’ support for the current administration is incorporated.¹⁰ The index mainly focuses on citizens’ perception of government performance including the fight against poverty, corruption, unemployment, safety improvement and the protection of democratic principles. In addition, political interest helps us gauge the impact of other political factors. This item asks: How much interest do you have in politics: a lot, some, little or none?

⁹ The questions asked included in the index of corruption victimization are: Has a police officer ask you for a bribe during the past year? During the past year did any government employee ask you for a bribe? During the past year, to process any kind of document (like a license, for example), did you have to pay any money above that required by law? At your workplace, have you been bribed within the past year? Did you have to pay a bribe to the courts within the past year? In order to receive attention in a hospital or a clinic during the past year, did you have to pay a bribe? Have you had to pay a bribe at school during the past year? For a more detailed discussion of this index see Seligson (2006).

¹⁰ The index of Government Efficacy was created from the following questions: To what extent would you say the current administration fights poverty? To what extent would you say the current administration promotes and protects democratic principles? To what extent would you say the current administration combats government corruption? To what extent would you say the current administration improves the security of citizens? To what extent would you say the current administration combats unemployment? Responses were located into a 1-7 scale and then recoded into a 0-100 scale to facilitate comparisons.



The third and final group of variables include a respondent's age (measured in years), sex (recoded into female=1), level of education (years of education), and an ordinal measure of the size of their community (measures size of cities from smaller to larger). All of these seek to control for socio-demographic characteristics.¹¹

In the first portion of the analysis, besides our traditional socioeconomic variables, we focus on individual level economic and political factors already described above and their relationship with satisfaction with democracy. This individual-level model is illustrated as follows:

$$\begin{aligned}
 Y_{ij} = & \beta_{0j} + \beta_{1j}*(CORRUPTION VICTIMIZATION)_{ij} + \beta_{2j}*(CORRUPTION PERCEPTION)_{ij} \\
 & + \beta_{3j}*(GOVERNMENT EFFICACY)_{ij} + \beta_{4j}*(POLITICAL INTEREST)_{ij} \\
 & + \beta_{5j}*(IDIOTROPIC)_{ij} + \beta_{6j}*(SOCIOTROPIC)_{ij} + \beta_{7j}*(EDUCATION)_{ij} \\
 & + \beta_{8j}*(AGE)_{ij} + \beta_{9j}*(FEMALE)_{ij} + \beta_{10j}*(WEALTH)_{ij} + \beta_{11j}*(CITY SIZE)_{ij} \\
 & + \beta_{12j}*(UNEMPLOYED)_{ij} + R_{ij}
 \end{aligned}$$

where Y_{ij} represents average levels of satisfaction with democracy for an individual i in country j , and β_{0j} is the individual level intercept $\beta_{1j} \dots \beta_{12j}$ are the effects of the variables included in our model. Finally, R_{ij} is the error term.

Our second analytical strategy pertains to the effects of country level factors. Specifically, we expect that, irrespective of individual political and economic characteristics, Latin American citizens living in more affluent and transparent societies will show higher levels of satisfaction with democracy. The specific country-level equation for the model intercept is as follows:

$$\beta_{0j} = \gamma_{00} + \gamma_{01}*(CORRUPTION)_{ij} + \gamma_{02}*(ECONOMIC DEVELOPMENT)_{ij} + U_{0j}$$

where γ_{00} is the country level intercept and γ_{01} and γ_{02} are the effects of corruption and national wealth on the model intercept (β_{0j}).

¹¹ Responses to most questions have been rescaled to run from 0 to 100 for ease of comparison with other variables. Specifically, variables on a 4 point scale (satisfaction with democracy) were rescaled to a 0-100 point scale by subtracting the variable from 1, dividing it by 3 and multiplying it by 100. Same procedure was done on 1-7 scale. The numerator, in these cases, was divided by 6 instead. For further information on all these variables and access to the complete survey instrument, see the Latin American Public Opinion Project's website at www.vanderbilt.edu/lapop.



Our third and final analytical approach is to explore the possibility of linking levels of analysis (individual and national) by including interaction effects in the model. We conjecture that the strength of the impact of individual political factors, namely, perception and corruption victimization might be moderated by a country's levels of corruption perception and economic development. To illustrate this point, let's take for instance a poor person who exhibits high levels of corruption perception and victimization in Mexico or Chile, this person is likely to express higher levels of dissatisfaction with the way democracy works than a person with similar characteristics living in Haiti or Paraguay. Because affluent nations are more likely to enjoy a "working rule of law" or "working institutions", they are also less likely to be mired by corruption when compared to poorer nations. Thus, citizens who live in less corrupt and more economically developed societies are more likely to perceive the performance of their political institutions negatively and become dissatisfied with the way democracy works when they become frequent victims of corruption. The cross-level interaction equations are as follows:

$$\beta_{1j} = \gamma_{10} + \gamma_{11} * (\text{CORRUPTION})_{ij} + \gamma_{12} * (\text{ECONOMIC DEVELOPMENT})_{ij} + U_{1j}$$

$$\beta_{2j} = \gamma_{20} + \gamma_{21} * (\text{CORRUPTION})_{ij} + \gamma_{22} * (\text{ECONOMIC DEVELOPMENT})_{ij} + U_{2j}$$

$$\beta_{kj} = \gamma_k$$

where γ_{10} is the intercept for the corruption victimization slope (β_{1j}), and γ_{11} is the effect of national corruption perception and γ_{12} is the effect of economic development. Also, γ_{20} is the intercept for the corruption perception slope (β_{2j}), and γ_{21} is the effect of national corruption perception and γ_{22} is the effect of economic development. γ_k are the remaining individual level variables.

Our expectation with all of these performance measures is that the more negative views and experiences with political and economic performance citizens have, combined with national levels of perceived corruption and lower levels of economic development, will lead to strong feelings of democratic dissatisfaction or vice versa.



V. Results

We employ a multilevel regression model using HLM 6.0 software. Results of the three models analyzed are shown in Table I. The first column in Table I displays the results from our baseline model including only the individual-level variables (Model I). Next, we introduce the country-level variables for the model intercept (Model II) only. The full model (Model III) examines the interaction effects between the individual and country level characteristics. When we look at the results of our baseline model, the predicted level of satisfaction with democracy is 49.65 holding the rest of variables at their mean.¹²

Among our key economic variables, both idiosyncratic and sociotropic considerations increase significantly citizens' democratic satisfaction. These results lend support to the notion that the more positive view individuals hold toward their personal and national economic conditions, the more pleased they are with the political system's capacity to meet their basic needs.

Political factors also influence the extent to which citizens' view favorably their political systems. As we expected, individuals who are satisfied with their government performance show favorable views toward democracy. The higher the frequency of becoming targets of corruption victimization, in contrast, diminishes this satisfaction. Taking all of these results together, they provide further evidence that socioeconomic characteristics as well as individual economic and political factors matter when explaining citizens' satisfaction with the way democracy performs. It is worth noting that individual perceived levels of corruption did not yield statistically significant results.

The final set of variables relates to our traditional socio-economic variables. The only variables that did not yield statistically significant results were gender and wealth. Not surprisingly, the young and the unemployed tend to be less satisfied with the way democracy works. It is well known that Latin America is one of the regions with the highest unemployment rates among the young population (World Bank 2010). In

¹² Multilevel models presented in this paper were computed using the statistical package HLM 6. Variables that we were interested in evaluating their effects for the entire population in the sample were grand mean centered. On the other hand, variables that we considered that their effects vary across countries were group-mean centered (corruption perception and victimization). Because our variables at level II are continuous (economic development and corruption perception), both were grand mean centered. For a more detailed discussion on centering at level II, see Raudenbush and Bryk (2002)



addition, highly educated individuals tend to express higher levels of dissatisfaction (Norris 1999). These results may reflect that higher levels of sophistication generate more critical citizens. As we mentioned at the beginning of this article, socio-economic characteristics play a role in determining democratic satisfaction. For instance, education and wealth may be related to the extent to which citizens express democratic satisfaction. In particular, more educated individuals are more likely to be aware of the political system with which they live than those who are less informed and, therefore, are more likely to be in a position to be critical of those systems that do not deliver. At the same time, education is related to income, which leads us to expect that individuals who have both higher income and education are more likely to be targets of corrupt practices because of their “deeper pockets” (Seligson 2002; Orcés 2009) when compared to poorer individuals.¹³ Moreover, these individuals tend to live in urban/metropolitan areas where more public institutions are available and where the incidence of corrupt practices is higher. If they are frequent victims of corruption, they will express a higher discontentment with the way their political system functions.

The bottom of Table I displays the variance components. These are used to assess whether the inclusion of country-level variables in Models II and III improve the ability to explain cross-national variations in democratic satisfaction levels. The components in Model I serve as baseline measures, indicating the amount of variance between countries that remains unexplained. As we incorporate the country level variables, corruption perception and economic development, in Models II and III, the change in size of the components tell us how much variance is explained. The components at the bottom of Model I show that the intercept and the effects of corruption victimization and perception vary significantly across countries.

Model II includes our country-level variables for the model intercept— corruption perception measured by the Corruption Perception Index (Transparency International) and national wealth measured by GDP index. It shows that at the national level, the only statistically significant variable that matters is economic development,¹⁴ while, contrary to

¹³ However, a recent work shows that poor citizens are more likely to be victims of corruption (Fried, Lagunes and Venkataramani 2010).

¹⁴ Multilevel analyses were carried out with other level II variables that are theoretically related to democratic satisfaction. Among these are inflation rates, inequality (Gini Index), GDP per Capita Growth Rate, and Purchasing Power Parity (PPP) in Billions and per Capita. Unfortunately, none of these variables reached conventional levels of statistical significance ($p < .05$), when including or excluding our national



our expectation, perceived levels of corruption do not. Finally, as the variance component for the intercept indicates, our significant national-level characteristic substantially improves the explanatory power of our model. There is a 20 percent decrease in the unexplained cross-national variance over the baseline model.

measure of corruption perception, suggesting that the best predictor of satisfaction with democracy at level II, at least in the model we lay out in this paper, is national wealth, an index based on GDP per Capita in US dollars.



Table I. *Multilevel Modeling of Satisfaction with Democracy*

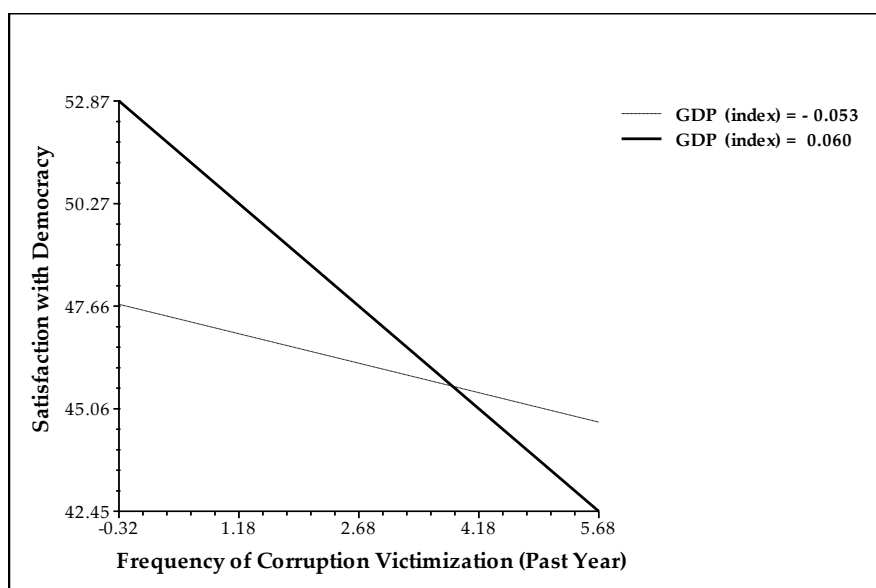
	Model I Individual-Level Only	Model II Country-Level Intercept Effects	Model III Full Model with Interaction Effects
Intercept	49.649***(1.505)	49.657***(1.291)	49.653***(1.275)
Individual-Level			
<i>Socioeconomic</i>			
Education	-0.271***(0.045)	-0.272***(0.045)	-0.272***(0.045)
Age	0.029** (0.011)	0.029** (0.011)	0.029** (0.011)
Female	-0.007 (0.296)	-0.004 (0.296)	-0.007 (0.295)
Wealth	0.016 (0.114)	0.017 (0.113)	0.015 (0.114)
Size of City/Town	-0.704*** (0.171)	-0.704*** (0.171)	-0.704*** (0.171)
Unemployed	-1.186** (0.432)	-1.188** (0.432)	-1.184** (0.432)
<i>Economic Factors</i>			
Personal economic Situation	0.093***(0.013)	0.093***(0.013)	0.093***(0.013)
Macroeconomic Situation	0.142***(0.009)	0.142***(0.009)	0.142***(0.009)
<i>Political Factors</i>			
Corruption <i>Victimization</i> <i>CORRUPTION (CPI)</i>	-1.169**(0.441)	-1.139**(0.442)	-1.162**(0.376) 0.482 (0.343)
<i>ECON. DEVELOPMENT (GDP)</i>			-14.561*(5.289)
Corruption <i>Perception</i> <i>CORRUPTION (CPI)</i>	-0.014 (0.009)	-0.014 (0.009)	-0.014 (0.009)
<i>ECON. DEVELOPMENT (GDP)</i>			-0.001 (0.009) 0.012 (0.145)
Government Efficacy	0.234*** (0.017)	0.234*** (0.017)	0.234*** (0.017)
Political Interest	0.006 (0.007)	0.006 (0.007)	0.006 (0.007)
Country-Level Intercepts Effects			
<i>CORRUPTION (CPI)</i>		1.002 (1.115)	0.545 (1.349)
<i>ECON. DEVELOPMENT (GDP)</i>		23.816*(10.653)	37.471**(12.411)
Variance Components: (Remaining between-country variance)			
Intercept	51.827***	41.274***	41.069***
Percent explained		20%	21%
Corruption <i>Victimization</i>	3.817***	3.878***	3.105***
Percent explained			19%
Corruption <i>Perception</i>	0.00245***	0.00244***	0.00278***
Percent explained			0%
Note: Entries are restricted maximum likelihood unstandardized coefficients estimated with HLM 6.0. For a detailed explanation of coding, see Appendices			
* = p < .05; ** = p < .01; *** = p < .001 Number of Countries = 19 ¹⁵ Number of Cases = 31760			
Sources: AmericasBarometer by LAPOP 2008, UNDP's Human Development Report 2007/2008, Transparency International 2008.			

¹⁵ We recognize our data limitations: a small number of cases at level II. All these cases represent the majority of countries in the Americas, the focus of our study. Despite the data limitations, we did not encounter problems when running the models. Further, Table I displays robust standard errors.



The final step for our analytical strategy is the introduction of cross-level interaction terms for corruption perception and victimization with economic development and perceived national corruption. Model III indicates that once again the only term that has a significant impact on the satisfaction with democracy is economic development. Put differently, the effect of corruption victimization on the satisfaction with democracy is moderated by nations' economic development. A graph speaking to this effect is found below.

Figure IV. *The Effect of Corruption Victimization on Satisfaction with Democracy Moderated by Economic Development (Slopes Illustrates High and Low End of Country's Economic Development)*



We see that as citizens pay bribes more frequently in order to carry out their transactions –be it at the local government, in public schools, at work, in the courts, in public health facilities– the higher their level of dissatisfaction with the way democracy works. The negative effect of corruption on democratic satisfaction is stronger in nations with higher levels of economic development than in less developed societies, illustrated by the very steep slope denoting well-off nations. This evidence suggests that the wealth of nations matters for citizens' perceptions about the performance of their political systems, in contrast to what the previous literature utilizing multilevel techniques states (Wells and Krieckhaus 2006).



The changes in the variance components further support the significance of economic development. In terms of the model intercept, the unexplained cross-national variance decreases from 52 with just individual-level variables to 41 in the full model, and a 21 percent increase in the overall explanatory power of satisfaction with democracy. In addition, the interaction term of corruption victimization decreases the unexplained varying effect for the individual-level factors by 19%, respectively.

Contrary to our initial expectations, national and individual levels of perceived corruption did not reach statistical significance, suggesting that what really matters for citizens' views of democracy is their countries' economic performance regardless of corruption perceived levels.

VI. Conclusion

Citizens' satisfaction with the way democracy works is an essential factor not only for the survival of any democracy, but also for political legitimacy, which has persistently been demonstrated to have significant effects on essential democratic elements such as political participation. Deepening our understanding of the variables that explain this satisfaction will help us have healthier democracies, especially in Latin America, a region with young democracies in the process of consolidation. The political science literature has tried to evaluate the relationship between socio-economic contexts and democracy. In this article, we examined the different effects that individual level variables such as corruption victimization, perceptions about the economy and corruption, among others, have on satisfaction with democracy in Latin America and the Caribbean region. However, we looked at this relationship from a novel perspective, combining both individual and contextual levels. We have shown the different effects that these individual variables have on democratic evaluations depending on the national economic context. Specifically, we found that the effect of corruption victimization on satisfaction with the way democracy works is stronger in countries with high levels of economic development. On the contrary, being a victim of corruption in a poor nation does not have such a strong impact. These results highlight the importance of the national context when testing the relationship between individual level variables. Conventional wisdom suggests a negative relationship between corruption and democratic satisfaction.



However, as we have shown in this article, the strength of this relationship depends on the economic development of nations and not necessarily on national perceived levels of corruption.

Also, in line with most research, we have shown the importance of economic perceptions when citizens evaluate their satisfaction with democracy at the individual level. Negative perceptions of the personal and national economic situation erode satisfaction with democracy. Further, it is noteworthy how actual experiences with corruption are more significant than mere perceptions as both of our corruption perception indicators at the national and individual levels yield statistically insignificant results, contrary to our initial expectations.

In sum, the analysis of individual and national factors and its implications for democracies is a complex one in which the interactions between different levels play a great role. National contexts produce different opportunities, expectations, and conditions that influence individual democratic attitudes and the overall quality of democracy. In wealthy nations, democratic satisfaction is adversely affected by increased corruption. On the other hand, notwithstanding corruption's weaker impact in economically disadvantaged countries, the overall negative effects of corruption persist. We conclude, therefore, that anti-corruption programs are likely to be most successful when they combine localized action with broader attempts to increase economic development. Latin American countries have the challenge of creating the conditions in which citizens will no longer face corruption while increasing the belief that governments accomplish their objectives and satisfy their economic demands. Also, in line with most research, we have shown the importance of economic perceptions when citizens evaluate their satisfaction with democracy at the individual level. Negative perceptions of the personal and national economic situation erode satisfaction with democracy. Further, it is noteworthy how actual experiences with corruption are more significant than mere perceptions as both of our corruption perception indicators at the national and individual levels yield statistically insignificant results, contrary to our initial expectations.

In sum, the analysis of individual and national factors and its implications for democracies is a complex one in which the interactions between different levels play a great role. National contexts produce different opportunities, expectations, and



conditions that influence individual democratic attitudes and the overall quality of democracy. In wealthy nations, democratic satisfaction is adversely affected by increased corruption. On the other hand, notwithstanding corruption's weaker impact in economically disadvantaged countries, the overall negative effects of corruption persist. We conclude, therefore, that anti-corruption programs are likely to be most successful when they combine localized action with broader attempts to increase economic development. Latin American countries have the challenge of creating the conditions in which citizens will no longer face corruption while increasing the belief that governments accomplish their objectives and satisfy their economic demands.

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Appendix I. *Summary Statistics, Mean Values by Country*

Country	Variables					
	Perception of Corruption (mean)	Corruption Victimization (%)	Government Efficacy (mean)	Political Interest (mean)	Personal Economic Situation (mean)	National Economic Situation (mean)
Argentina	84.46	27.45	33.75	42.23	53.01	46.11
Belize	68.36	19.00	44.55	35.06	42.85	33.41
Bolivia	72.67	31.26	51.44	32.54	49.69	42.47
Brazil	69.29	11.48	43.51	31.50	50.43	46.45
Chile	65.85	11.65	50.84	22.74	48.34	46.83
Colombia	72.32	9.51	54.37	37.60	52.84	45.71
Costa Rica	72.13	17.46	53.05	26.87	50	43.13
Dominican Republic	74.52	16.32	53.04	46.83	39.83	36.23
Ecuador	76.70	24.8	51.44	28.92	50.87	43.02
El Salvador	70.72	14.84	39.73	37.80	40.34	28.48
Guatemala	80.35	19.57	49.77	24.28	44.38	31.96
Guyana	71.66	19.96	49.16	27.65	50.90	43.30
Haiti	56.41	48.24	33.23	27.75	23.75	17.72
Honduras	76.48	13.79	30.54	36.20	41.58	38.34
Jamaica	85.64	24.54	45.58	45.32	40.62	31.00
Mexico	74.37	30.32	47.71	35.22	47.81	38.17
Nicaragua	74.27	16.62	33.88	27.20	36.01	25.32
Panama	70.16	9.17	37.52	32.29	43.97	37.31
Paraguay	78.05	18.18	15.39	37.05	49.42	24.31
Peru	75.81	27.06	32.44	31.69	45.86	38.37
Uruguay	63.05	8.86	56.15	42.92	50.58	46.91
Venezuela	79.87	10.6	38.90	39.02	52.77	44.90
<i>Total Sample</i>	<i>72.08</i>	<i>20.30</i>	<i>43.68</i>	<i>33.55</i>	<i>46.14</i>	<i>38.02</i>

All variables were recoded on a 0-100 scale with the purpose of simplifying interpretation.

Exact wording can be found online at www.AmericasBarometer.org

Source: AmericasBarometer by LAPOP 2008



Appendix II. *Summary Statistics of Socioeconomic Variables by Country*

Country	Variables					
	Years of Education (mean)	Age (mean)	Female (%)	Size of City/Town (mean)	Unemployed (%)	Wealth* (mean)
Argentina	10.887	36.651	51.30	3.615	6.01	5.321
Belize	8.271	37.003	49.35	2.173	14.11	4.148
Bolivia	9.945	36.897	49.70	2.514	4.73	2.932
Brazil	7.295	41.427	53.70	3.129	13.35	4.507
Chile	10.483	43.599	59.20	3.613	5.63	5.275
Colombia	8.767	36.828	50.10	2.886	10.24	3.749
Costa Rica	8.160	40.779	51.10	2.532	5.07	5.629
Dominican Republic	7.316	41.171	54.80	3.114	10.96	3.679
Ecuador	10.168	38.485	50.00	2.606	7.05	3.824
El Salvador	8.396	38.451	52.10	2.848	8.97	3.604
Guatemala	6.007	39.414	49.80	2.328	7.87	2.941
Guyana	8.489	38.346	50.00	1.706	14.52	3.462
Haiti	8.565	37.320	50.00	1.942	32.76	1.147
Honduras	7.246	35.339	50.10	2.045	7.23	3.164
Jamaica	9.414	43.908	50.00	2.286	18.86	3.855
Mexico	8.269	40.841	50.50	2.953	5.39	4.980
Nicaragua	8.005	34.151	50.00	2.589	11.11	2.610
Panama	10.238	38.983	50.00	2.942	16.73	4.435
Paraguay	8.992	35.736	49.70	2.570	4.71	3.659
Peru	10.671	39.020	50.20	3.268	9.26	3.377
Uruguay	8.984	45.296	53.40	3.622	7.93	4.903
Venezuela	9.961	38.659	54.60	3.373	6.60	4.930
<i>Total Sample</i>	<i>8.947</i>	<i>39.470</i>	<i>51.21</i>	<i>2.712</i>	<i>10.22</i>	<i>3.858</i>

Exact wording can be found online at www.AmericasBarometer.org

* The “wealth” index consists of a count of household assets and access to basic services at the household level. The list of assets in the survey includes durable goods, such as a TV set, a refrigerator, a car, and a computer, and access to basic services like clean water and sewage inside the house.

Source: AmericasBarometer by LAPOP 2008



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