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Support for Democracy in Cross-National Perspective: The Detrimental Effect of Economic Inequality

Robert Andersen

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Support for Democracy in Cross-National Perspective

The Detrimental Effect of
Economic Inequality

Forthcoming in

Research in Social Stratification and Mobility

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Abstract

Using survey data and national statistics on 35 modern democracies, this research explores the relationship between economic and political conditions and support for democracy. As expected from modernization theory, support for democracy tends to be highest in countries with a high level of economic development. More importantly, however, I contribute a new finding that income inequality matters much more. Specifically, citizens from countries with relatively low levels of income inequality tend to be more likely than others to support democracy. I also find that household income is positively related to support for democracy in most countries, though it tends to have its strongest effect if economic development is high and income inequality is low. Finally, even after taking into account the level of economic development in one's country, people from former Communist countries tend to have far less support for democracy than those from more established democracies.





1. Introduction

While certainly not perfect, few would argue for the superiority of another political system over some of type of democracy. It is not surprising, then, to see the vast growth of democracy throughout the world over the past century. Well-established in Europe and America, democratic elections are also beginning to take place in Africa and the Middle East. The dominant view holds that economic development and modernization are the key to the continued growth of democracy (Snider and Faris 2001; United Nations, 2011). Ironically, however, as democracy takes hold in unfamiliar places, some of its foundations may be weakening in places where it has long been well established (Kaase and Newton 1995). Putnam's (1993, 2000) influential work, for example, suggests that a general decline in social capital in the western world could be undermining democratic institutions. Similarly, other evidence indicates that voter turnout has decreased dramatically in Western nations over the past few decades (Franklin 2004). In short, this possible decline in democratic values and practices has occurred despite vast economic growth. Such evidence suggests that other factors aside from economic development also play an important role.

The present paper contributes to this debate by placing importance on the role of economic inequality. It is now well-documented that within country income inequality has risen dramatically in most western democracies over the past few decades (Alderson, Beckfield and Nielsen 2005; Brady 2009; Goesling 2001; Kenworth and Pontusson 2005). I start with the premise that this rise in inequality is, at least partly, responsible for changes in democratic values over the same period. I should be clear, however, that I do not assess changes over time. Instead, I explore how variations in economic conditions across countries are related to public opinion on democracy. My main goal is to uncover the relative importance of economic prosperity and economic inequality for attitudes. I also consider how these effects differ according to political context. Specifically, I explore whether the effect of economic context differs in countries that have experienced Communist rule compared with more well-established democracies. Finally, I examine how one's own economic situation—measured by their relative position in the household income distribution of their country—interacts with political and social context to influence attitudes.

Using *World Values Survey* from 2001 and national statistics gathered from various official sources, this paper explores these contextual influences on support for democracy in 35 modern democracies, 18 of which are former Communist societies and 17 of which are well-established democracies. Consistent with previous research, I will show that support for democracy is positively correlated with economic prosperity. I will further demonstrate, however, that the strength of this relationship depends on one's own economic position. Specifically, compared to those with low incomes, those with higher incomes tend to be more likely to support democracy generally,

and are much more likely to do so if economic prosperity is high rather than low. I will also show that income inequality has a similarly strong impact on attitudes, with democracy tending to have less support in countries with high income inequality. Finally, even after taking into account these two important measures of economic conditions, political conditions continue to matter. Specifically, people living in former Communist countries tend to be much less supportive of democracy than people living in countries that have never experienced Communist rule.



2. The Role of Economic and Political Context

A long standing argument holds that democracy is spurred by modernization and economic development (Lipset 1959). At the foundation of this argument is a role for public opinion. With modernization, the masses become better educated and wealthy, spurring the development of democratic values, which in turn leads to a push for democracy. As Inglehart (2003:54) states, “a society is unlikely to maintain democratic institutions over the long term, unless democracy has solid support among the public.” He further argues that economic development leads to higher levels of ‘self-expression values’, which are associated with support for democracy. Although there is some recent research to dispute this argument (Acemoglu et al, 2008), most research on the issue demonstrates a positive link between economic development and support for democracy (Kitschelt 1992, Przeworski 1991). Moreover, research on other values considered important to democracy—for example, social trust (Putnam 1993) and social tolerance (Andersen and Fetner 2008)—corroborate the idea that democratic values are more prominent in rich countries compared to poor ones.

The idea that economic development influences support for democracy rests on some basic premises about living conditions. Connected to economic development are many other societal changes associated with modernization more generally. For example, on average people tend to become more educated and richer, and have better working conditions, as modernization progresses. The key word here, however, is ‘average’. It is clear that not everyone gains equally from economic development and modernization. We’ve been reminded of this fact in recent decades as income inequality has risen drastically in most modern societies, despite that economic development has increased (Alderson, Beckfield and Nielsen 2005; Brady 2009; Goesling 2001; Kenworth and Pontusson 2005). In this regard, Andersen and Fetner (2008) demonstrate that the extent to which economic development influences attitudes is largely determined by one’s own economic position. While economic prosperity tends to have a positive influence on social tolerance for those in middle class occupations, it appears to have little influence on the attitudes of those in working class occupations. As of yet, however, no research has specifically addressed the possible interaction between one’s own economic position and national economic prosperity, and how they influence attitudes towards democracy. The present paper attempts to fill this gap.

Economic development is certainly not the only contextual factor to consider when assessing attitudes and values associated with democracy. Many very rich countries—for example, the oil producing countries of the Middle East region—could not be considered democracies even according to the most open of definitions (see Andersen, Brym and Araj, 2012). It is clear, then, that other contextual factors also play a role. One possible factor in need

of serious investigation is economic inequality. While as yet there is no direct evidence that it affects support for democracy, there is increasing evidence that economic inequality plays a role in a whole array of attitudes and behaviours considered important to the health of democracy, including attitudes towards income inequality (Fisher and Heath 2006; Svallfors 1993), social trust and tolerance (Uslaner 2002; Andersen and Fetner 2008), and participation in voluntary associations (Uslaner and Brown 2005; Andersen and Milligan 2011). The general finding is that the more unequal a society, the less likely people are to be socially tolerant, to trust one another, to favour equality, and to participate in voluntary associations.

Still, conflicting evidence from research on political engagement suggests that the effect of inequality on democracy needs careful investigation. On the one hand, Meltzer and Richard's (1981) seminal study suggests that inequality increases engagement. Their argument is based on the idea that democratic elections are contests between competing groups with different interests. The more inequality between the groups—i.e., the greater the difference in their interests—the more likely it is that people will be spurred into political action. In short, inequality encourages people to become politically engaged so that they can protect their interests. Although not explicitly stated, this argument rests on the somewhat naïve premise that competition between groups is fair, and if not, that people of all groups will participate regardless if one side is more likely to win. Not surprising, mounting evidence disputes this argument.

While the positive effect of inequality suggested by Meltzer and Richard may apply to voters who feel a sense of political efficacy, there is little reason to believe that most people will be politically engaged if they believe that their desired outcomes are highly unlikely to be achieved. In societies with vast economic inequality, the poor seldom control the political agenda or win battles on class-related issues (Bachrach and Baratz 1970). Consistent with this line of reasoning, many researchers argue that class politics has become less prominent in modern societies over the past few decades not necessarily because class issues are no longer important to voters, but because political parties are less likely to cater to them (Evans 2000; Andersen and Heath 2003; Andersen, Yang and Heath 2006). Simply put, the interests of low income earners are less likely to be championed, so they are more likely than the rich to feel that their concerns are ignored. Consistent with this argument, an important body of research indicates that inequality has positive effects on engagement for the rich but negative effects for the poor (Pontusson and Rueda 2010; Lukes 2005, Boix 2003, Solt 2004, Solt 2008). Others, such as Dahl (2006), suggest that inequality has generally negative effects on political engagement, regardless of one's own economic position. These



findings suggest that a proper test of the effects of inequality on attitudes must explore whether individual-level economic conditions interact with inequality at the contextual level.

Previous research also makes it clear that economic conditions are not the only contextual factors that matter for how people feel about democracy. Particularly relevant is the role of political context. In this regard, Anderson and Guillory (1997) demonstrate that those who vote for the losing side in an election tend to be less satisfied with democracy than those who vote for the winning side. They also find, however, that the extent to which ‘winning’ or ‘losing’ influences attitudes depends on the institutional environment. Specifically, those on the losing side tend to have higher levels of satisfaction in more consensual political systems compared with more majoritarian systems. Winners, on the other hand, tend to be happiest in majoritarian systems. The importance of political context is similarly highlighted by Rohrschneider (2002), who demonstrates that opinions in Europe are less supportive of the European Union when people feel they are not well represented by their democratic institutions.

Arguably the most profound political marker separating the democracies of the modern Western world is experience of a Communist past. It is not surprising, then, that a vast amount of research demonstrates that public opinion in former communist societies tends to be less liberal—both socially and politically (Inglehart and Baker 2000; Stulhofer and Sandfort 2005; Andersen and Fetner 2008)—than public opinion in more established western democracies. There is evidence that much of the effect of a Communist past is attributable to these countries tending to have relatively low levels of modernization and economic development (Bova 1991; Rose and Mishler 1994). Related to this argument, Kitschelt (1992) demonstrates that support for democracy in former Communist societies during the transition to democracy was closely tied to market success. On the other hand, Evans and Whitefield’s (1995) examination of support for democracy in eight transitional societies in Central and Eastern Europe in the 1990s, suggests that ‘political experience’ is even more important than economic conditions in determining attitudes.





3. Research Questions

The analysis to follow addresses four research questions on the relationship between attitudes towards democracy and economic and political conditions:

1. Following from modernization theory, is support for democracy higher in countries with high economic development than it is in countries with low economic development?
2. Does economic inequality dampen support for democracy? Specifically, do countries with high levels of income inequality have relatively low levels of support for democracy?
3. Does one's own economic position affect attitudes towards democracy? That is, are people with low incomes less likely than those with high incomes to support democracy?
4. Does individual income interact with national economic and political context in its effect on attitudes?

These questions are answered using WVS survey data collected from 35 countries and national statistics from various official sources. More details about the data and methods are given below.





4. Data and Methods

4.1. Individual-level Data

The individual-level data for this study are derived from a subset of the 2001 wave of the *World Values Survey* (Inglehart et al. 2001). The WVS includes extensive information on attitudes of samples of adults (18 years and older) representative of the national populations of 65 countries. The present analysis is restricted to all available data from the modern democracies of Europe, North America and Australia. After removing missing cases, the analytical sample contains 38,638 individual respondents nested within 35 countries. A complete list of the countries included in the analysis is shown in Table 1.

4.2. Dependent variable

The dependent variable is a three item additive scale tapping respondents' assessment of democracy. The three items used to construct the scale are as follows:

1. "Democracy may have problems but it's better than any other form of government." Respondents were presented with five possible responses on a Likert scale: strongly agree, agree coded, neither agree nor disagree, disagree, strong disagree.
2. "I'm going to describe various types of political systems and ask what you think about each as a way of governing this country: Having a democratic political system" As with the previous item, responses to this question were measured on 5-point Likert scale ranging from 'strongly agree' to 'strongly disagree'.
3. "People have different views about the system for governing this country. Here is a scale for rating how well things are going: 1 means very bad; 10 means very good." Responses to this question were measured on a 10-point scale.

Before creating the additive scale, the first two items were transformed to have a range from 1-10 so that they had a similar metric to the third item. The three items were then summed to create a 'support for democracy' scale. The scale ranges in scores from 3-30.¹

4.3. Social Background Predictors

Given that one of the goals of the paper is to assess the role of economic inequality in the formation of attitudes towards democracy, it was necessary to include a measure of individual-level income. I use a *relative measure of*

¹ According to the Cronbach's alpha, the scale had a reliability of 0.60.

household income that groups respondents into deciles representing their position in the income distribution of their country.²

The statistical models also control for age, gender, education (measured in years), marital status (married, never married, or other), number of children at home, and religion. Religion was measured by a six category variable: 1) practicing Catholics, 2) non-practicing Catholics, 3) practicing Protestants, 4) non-practicing Protestants, 5) other religion, 6) no religion. Respondents were coded as ‘practicing’ if they attended religious services at least once a month.

4.4. Country-level Data

Economic development is measured by per-capita GDP in 2000 US dollars. Data were obtained from the United Nations (2005). Per capita GDP was logged before entering the statistical models to account for a curvilinear relationship with support for democracy.

Income inequality was measured by the Gini coefficient for equivalised household incomes after taxes and transfers. The Gini coefficient has a theoretical range of 0 (for a hypothetical country where income is distributed equally among all households) and 1 (for a hypothetical country where one household has all of the income). For the 25 countries for which it was available, information on the Gini coefficient was obtained from the Luxembourg Income Study (2005), which is widely considered the most reliable source for these data. Data for countries for which LIS data were not available were obtained from other agencies in the following order, depending on their availability: World Bank (Deininger and Squire

2005), World Development Indices (World Bank 2005), the European Commission (2006), and UNICEF (Trans-MONEE 2004).³

Political context is measured by a simple dummy regressor coded 1 for countries that have experienced Communist rule and 0 for more established democracies that have never experienced Communist rule. The analysis explores attitudes in 18 former Communist societies and 17 established democracies.⁴

2 Preliminary models indicated that household income was best entered in the statistical models as a continuous variable. For the established democracies income was modeled by a quadratic polynomial to capture a curvilinear relationship with support for democracy. No such nonlinearity was present for the former Communist countries, however.

3 Not all surveys from the WVS could be directly matched to a Gini coefficient measured in the same year. In these cases, the available Gini coefficient that corresponded to the most recent survey was employed. In cases when Gini values were available for two similarly close dates—i.e., one on each side of the survey year—the average of the two Gini coefficients was employed.

4 Although the former Communist/established democracy distinction is arguably the most significant measure of political regime in these 35 countries, there are also important differences within each group of countries. For example, years of continuous democracy varies significantly, especially for those countries that never experienced Communist rule. As a result, preliminary models included this variable. Nevertheless, years of democracy is so highly correlated with per capita GDP ($r=0.95$) that the models suffered from a collinearity problem. Still, it is important to note that models excluding per capita GDP gave very similar results for the effect of years of democracy as for the effect of per capita GDP in models when years of democracy is excluded.



5. Statistical Models

The data are characterized by 38,638 individual respondents nested within 35 countries, and contain both individual-level and national-level variables. Under ideal conditions, there would be benefits to fitting hierarchical linear models (HLM) to these data: 1) they could explicitly model the within country clustering, 2) they could estimate variance components for average country differences in attitudes, and 3) they could estimate a variance component for the effect of individual-level income on support. Unfortunately, two problems prevented the use of HLM. Most importantly, while per capita GDP varies quite widely among the former Communist countries and among the never Communist countries when considered separately, the two variables do not overlap. That is, the highest per capita GDP in the sample of former Communist countries (Slovenia, \$10,836), is substantially lower than the lowest per capita GDP of the more established democracies (Spain, \$14,813). Secondly, as will be shown later, both per capita GDP and the Gini coefficient have significantly different effects both on average level of support for democracy, and on the impact of income on support, in the two types of countries. To model these effects in an HLM framework would require specifying two sets of three way interactions: 1) individual income*per capita GDP*former Communist, and 2) individual income*Gini coefficient*former Communist. Including these terms HLM models fitted to the pooled data put far too much demand on both the data and the estimation procedure. These problems essentially result in the effective number of level two units (countries) being reduced to 17 because former Communist and more established democracies were completely separated. As a result a simpler statistical technique was necessary.

Final conclusions are thus based on two sets of ordinary least squares regression models. Robust standard errors were calculated for all coefficients in these models to account for the within country clustering. To account for the differences between former Communist countries and more established democracies in the effects of individual-level income, per capita GDP and the Gini coefficient, separate models are fitted for the two groups. Each set of models accounted for all possible combinations of the two context variables, and their interaction with individual-level income. The best fitting model was determined by the Bayesian Information Criterion (BIC)⁵.

⁵ The BIC is calculated using the following formula: $BIC = -2 \times \log(L) + k \times \log(n)$, where k is the number of parameters estimated, n is the sample size, and L is the maximum value of likelihood function for the model. The smaller the BIC value, the better the fit of the model to the observed data. See Schwarz (1978) for more details.





6. Results

Table 1 displays information on the average level of support for democracy, per capita GDP and the Gini coefficient for each country. It also includes the International Organization for Standardization (ISO) 2-letter country codes (ISO, 2011) for each country, which are used in Figure 1 to identify the countries. Table 1 makes the differences according to democratic tradition very apparent. Per capita GDP is higher for all the established democracies than it is for any of the former Communist societies. An almost identical pattern is shown for average support for democracy. Except for the Czech Republic—which has relatively low support for democracy compared to most established democracies—the established democracies have much higher levels of average support for democracy. Nevertheless, there is plenty of variation in both per capita GDP and the Gini coefficient within both groups of countries. Determining the extent to which this variation can account for differences in public opinion is at the heart of the rest of the analysis.

Table 1 Mean Public Opinion on Support for Democracy, GDP per capita (in US dollars, 2000) and Gini Coefficient for 35 countries

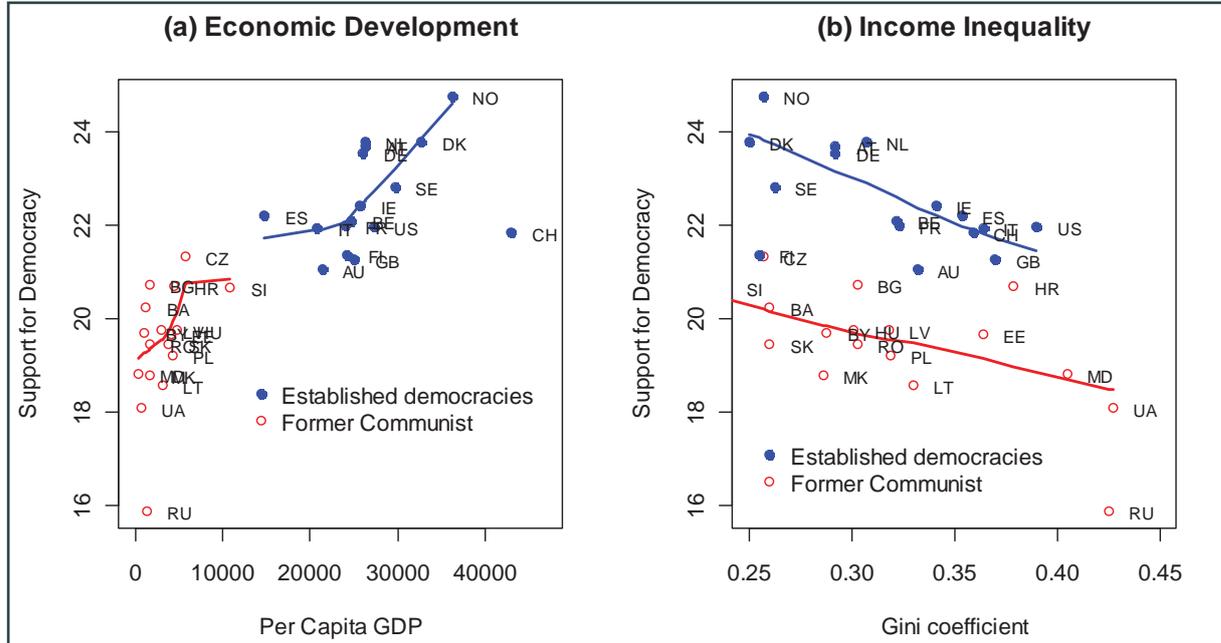
	2-LETTER ISO COUNTRY CODE	SUPPORT FOR DEMOCRACY (MEAN)	GDP PER CAPITA	GINI COEFFICIENT
ESTABLISHED DEMOCRACIES				
Norway	NO	24.8	36,293	0.275
Netherlands	NL	23.8	26,282	0.307
Denmark	DK	23.8	32,708	0.250
Austria	AT	23.7	26,341	0.292
Germany	DE	23.5	26,056	0.292
Sweden	SE	22.8	29,728	0.263
Ireland	IE	22.4	25,748	0.341
Spain	ES	22.2	14,813	0.353
Belgium	BE	22.1	24,705	0.322
France	FR	22.0	23,967	0.323
United States	US	22.0	27,234	0.390
Italy	IT	21.9	20,834	0.364
Switzerland	CH	21.8	43,000	0.359
Finland	FI	21.4	24,222	0.255
United Kingdom	GB	21.3	25,057	0.370
Australia	AU	21.1	21,409	0.332
Grand mean Established Democracies		22.5	26,775	0.318
Grand mean Established Democracies (Switzerland omitted)		22.6	25,693	0.315
FORMER COMMUNIST COUNTRIES				
Czech Republic	CZ	21.4	5,744	0.257
Bulgaria	BG	20.7	1,609	0.303
Croatia	HR	20.7	4,393	0.379
Slovenia	SI	20.7	10,836	0.239
Bosnia and Herzegovina	BA	20.3	1,229	0.260
Latvia	LV	19.8	3,019	0.318
Hungary	HU	19.8	4,723	0.301
Belarus	BY	19.7	1,039	0.288
Estonia	EE	19.7	4,043	0.364
Romania	RO	19.5	1,602	0.303
Slovakia	SK	19.5	3,781	0.260
Poland	PL	19.2	4,255	0.319
Moldova	MD	18.8	392	0.405
Macedonia	MK	18.8	1,705	0.286
Lithuania	LT	18.6	3,078	0.330
Ukraine	UA	18.1	636	0.427
Russia	RU	15.9	1,332	0.427
Grand mean Former Communist Countries		19.5	3,142	0.321
Grand mean Former Communist Countries (Russia omitted)		19.7	3,255	0.315

Figure 1 displays the relationship between average level of support for democracy and economic development and income inequality for the 35 countries included in the analyses. Former Communist countries are identified by hollow circles; established democracies are identified by the solid circles. Individual countries are labeled by the



two-letter country codes listed in Table 1. The two influential outliers, Russia and Switzerland, were excluded in the calculation of the lowest smooths for the trends.

Figure 1 Public Opinion on Democracy by (a) level of economic development and (b) income inequality. Countries are represented by the International Organization for Standardization's two-letter country codes. Trend lines are lowest smooths fitted to the data with outliers (Switzerland CH and Russia RU) omitted



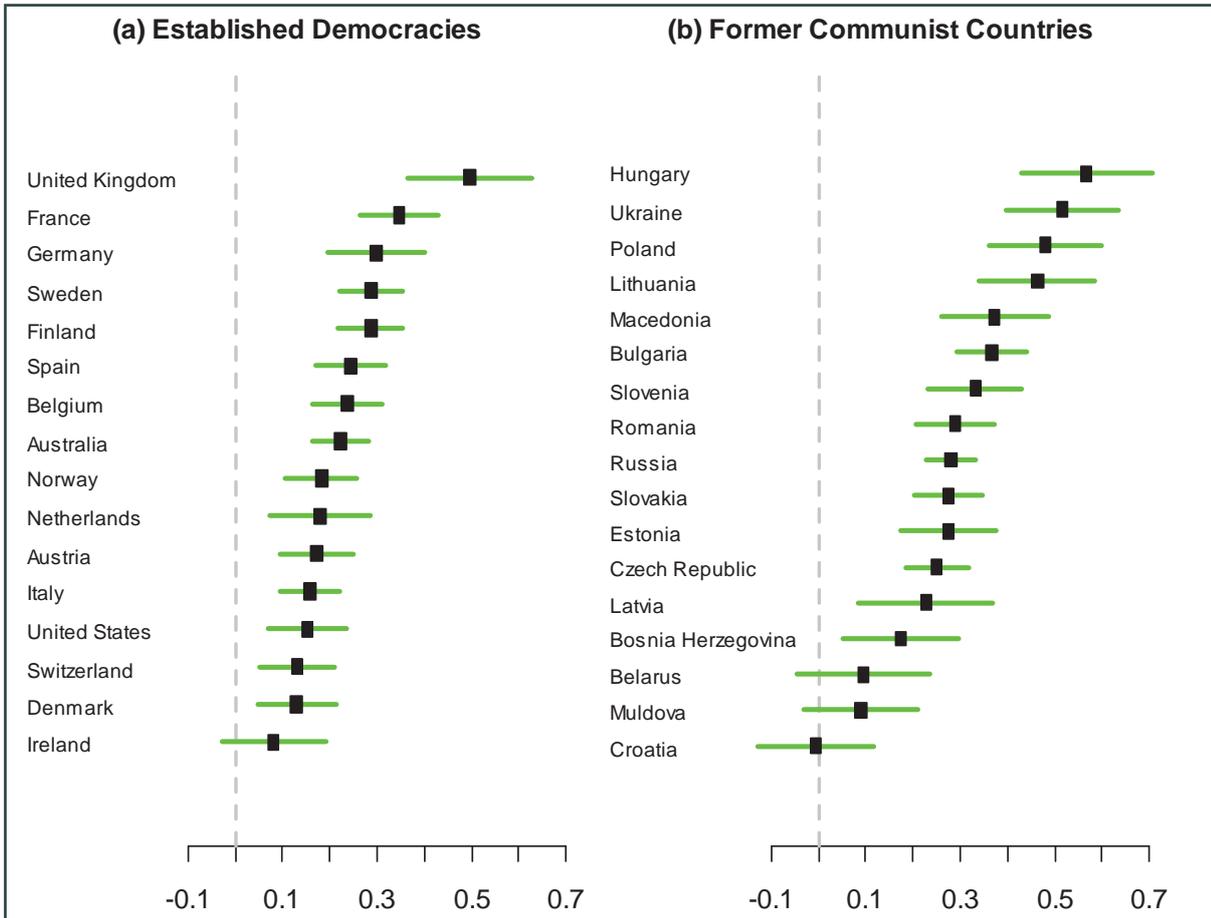
Panel (a) clearly demonstrates the expected positive relationship between economic development and support for democracy. This pattern holds for both former Communist societies and more established democracies. In contrast to common conjectures from researchers who claim that per capita GDP has diminishing returns on postmaterialist values (see, for example, Inglehart 1987), the effect of per capita GDP on support for democracy is similarly strong at all levels.

Panel (b) of Figure 1 explores the relationship between income inequality and average support for democracy. We find tentative evidence for the hypothesis that income inequality and support for democracy are negatively related. Again, the pattern is very similar for the former Communist countries and the more established democracies.

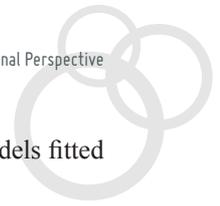
We now turn to the relationship between individual-level income and support for democracy within each country. Figure 2 displays 95 percent confidence for the effects of income on support from OLS regressions fitted to each country separately. These models include the same control variables as the final models based on the pooled data from all countries to be discussed later. The dashed vertical lines indicate a value of 0 for the coefficient (i.e., they represent 'no effect'). If the horizontal line representing the 95 confidence interval crosses this line, the effect is not statistically significant. In all but one country (Croatia), income is positively related to support for democracy. Moreover, nearly all of the coefficients are statistically significant. Although the relationships ap-

pear very similar for both former Communist countries and established democracies, the income effect tends to be slightly stronger in the former. Most important, the variation in the size of the income effect within both groups of countries is substantial and statistically significant. This highlights the possibility that country context moderates the role of individual incomes.

Figure 2 Effect of income on support for democracy, established democracies and former Communist countries. Horizontal lines represent 95 percent confidence intervals.



We have established that public opinion on democracy is related to a country's levels of economic development and income inequality. There are also clear differences in support for democracy between former Communist countries and more established democracies that appear to be unrelated to these economic conditions. Still, these observed patterns did not take into account the demographic compositions of the countries. We also found that, although income has a generally positive effect on attitudes, the magnitude of this effect differs by country. While this finding controlled for other important individual-level variables, as yet we have not provided any systematic



test of how national context matters. To overcome these limitations, we now turn to the regression models fitted to the pooled data.

Table 2 displays the BIC values for various models fitted to the pooled data for former Communist societies and established democracies separately. Recall that preliminary analyses uncovered two highly influential outliers—Russia and Switzerland—that, if included in the models, distort the patterns in the data for the other 33 countries. Various robustness tests indicated that the influence of these two countries was statistically significant. I thus exclude these countries from the final analyses. Still, it is important to note that the BIC values for models with and without data from these countries lend themselves to similar conclusions. In both cases, the best fitting model for the established democracies allows individual-level income—modeled as a quadratic polynomial to account for a nonlinear effect on support—to interact with both per capita GDP and the Gini coefficient. The findings are slightly different for the former Communist societies. In this case, individual-level income interacts with per capita GDP but not the Gini coefficient, though the main effect for the Gini coefficient is statistically significant. From this point forward, we focus on only the best fitting models (i.e., the models with the lowest BIC value).

Table 2 BIC values for models including cross-level interactions between individual-level income and GDP per capita and Gini

MODEL	TERMS IN MODEL*	ESTABLISHED DEMOCRACIES	ESTABLISHED DEMOCRACIES (SWITZERLAND OMITTED)	FORMER COMMUNIST COUNTRIES	FORMER COMMUNIST COUNTRIES (RUSSIA OMITTED)
1	Main effects only (no cross-level interactions)	111,074	106,361	100,354	87,036
2	Income X log(GDP per capita)	111,084	106,361	100,335	87,046
3	Income (quadratic) X log(GDP per capita)	111,053	106,311	100,347	87,061
4	Income X Gini	111,050	106,337	100,319	87,044
5	Income (quadratic) X Gini	111,054	106,334	100,320	87,044
	Income X log(GDP per capita)	111,059	106,346	100,334	87,054
	Income X Gini				
7	Income (quadratic) X log(GDP per capita) Income (quadratic) X Gini	111,037	106,308	100,331	87,058

*All models include all individual-level predictors and main effects for GDP per capita and Gini

Coefficients from the final regression models are reported in Table 3. The importance of separating former Communist societies from established democracies is further underscored by the differences in effects of the social background variables in the two groups of countries. For example, age has a positive effect on support for democracy in established democracies but no discernable effect in former Communist societies.⁶ Moreover, while

6 I also tested for a nonlinear relationship between age and support for democracy by fitting a quadratic polynomial. There was no evidence of nonlinearity, however.

men tend to be more supportive of democracy than women in both groups of countries, the difference is more than three times as large in former Communist societies. There are also striking differences in the role of religion. Specifically, although Catholics tend to have the highest levels of support in both established democracies and former Communist societies, non-practicing Protestants are by far the least supportive in established democracies while those with no religion are the least supportive in former Communist societies. Education also has quite different effects. Although the influence of education is generally positive, it is more than twice as large in former Communist societies.

Table 3 Regression models predicting support for democracy, Established Democracies and Former Communist Countries.

	ESTABLISHED DEMOCRACIES		FORMER COMMUNIST COUNTRIES	
	ESTIMATE	ROBUST S.E.	ESTIMATE	ROBUST S.E.
Intercept	15.3***	1.30	17.5***	0.61
Age	0.029***	0.002	-0.001	0.002
Male	0.059***	0.052	0.213***	0.059
<i>Religion</i>				
Practicing Catholic	0.800***	0.083	0.567***	0.092
Non-practicing Catholic	0.268**	0.082	0.241*	0.094
Practicing Protestant	0.107	0.102	0.336**	0.109
Non-practicing Protestant	-0.354***	0.079	0.120	0.081
Other religion	-0.197	0.254	0.592	0.156***
None	0	0	0	0
<i>Marital status</i>				
Never married	0.160	0.082	-0.106	0.094
Divorced, Separated or widowed	-0.286***	0.069	-0.279***	0.079
Married	0	0	0	0
Number of children	-0.117***	0.021	-0.095**	0.031
Years of education	0.058***	0.006	0.147***	0.007
<i>Income</i>				
Income	386*	181	0.496***	0.058
Income squared (orthogonal)	-987***	180	--	--
<i>Contextual Factors</i>				
GDP per capita (logged)	0.889***	0.119	0.275***	0.050
Gini coefficient	-0.140***	0.007	-0.115***	0.010
<i>Income x Context Interactions</i>				
Income x GDP per capita	-14.4	16.6	--	--
Income squared x GDP per capita	97.1***	16.4	--	--
Income x Gini coefficient	-5.29***	0.895	-0.012***	0.002
Income squared x Gini coefficient	-0.255	0.903	--	--
R ²	0.076		0.124	
Number of individuals	20,468		18,160	
Number of countries	16		17	

****p*-value<0.001; ***p*-value<0.01; **p*-value<0.01

Note: Models exclude data for Switzerland and Russia, which were both influential outliers.



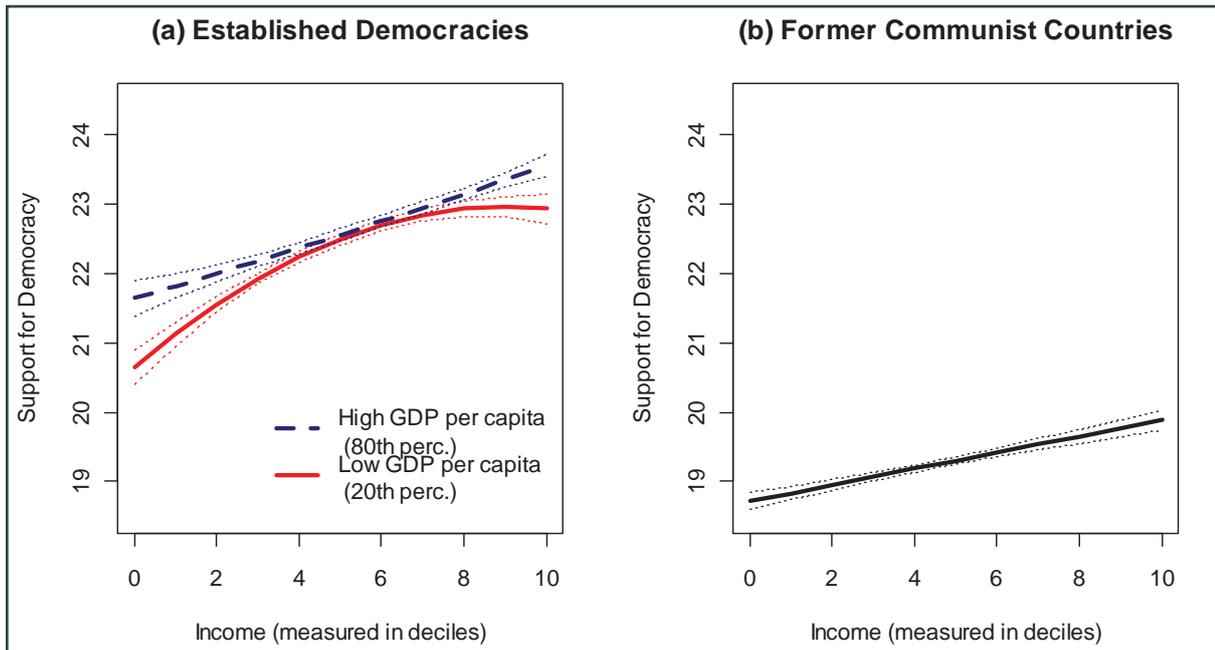
The primary goal of this paper is to uncover the relationship between economic conditions and support for democracy. In this regard, the effects of individual-level income, per capita GDP and the Gini coefficient are of utmost importance. We have already established that these variables interact in how they influence support for democracy, and that these interactions differ for former Communist societies and established democracies. It is difficult to ascertain the precise nature of these effects by the coefficients alone, however. In order to clearly demonstrate their effects, fitted values calculated from the final regression models are reported in Figures 3 and 4.⁷

Figure 3 displays the interaction between individual-level income and per capita GDP and their influence on support for democracy. Panel (a) demonstrates this relationship for established democracies. The solid line represents the average response for countries at the 20th percentile in terms of per capita GDP; the dashed line displays the average response for countries at 80th percentile. Three things are clear from this figure. First, as income rises, people tend to become more supportive of democracy, regardless of the level economic development in their country. Secondly, compared with public opinion in poorer countries, people tend to be more supportive of democracy in countries with a high level of GDP. Thirdly, although generally positive, the role of income differs according to the level of per capita GDP. The income effect is roughly linear for countries with high GDP, but curvilinear for countries with low levels of GDP, where it appears to level out past median income.

Panel (b) of Figure 3 indicates that income has a linear effect in former Communist countries. Recall that income does not interact with per capita GDP for these countries, meaning that this effect is similar regardless of the level of economic development. As a result, panel (b) displays only one fitted line that represents the average effect of household income in former Communist societies. As is shown by the fitted line falling far below both lines in panel (a), former Communist societies tend to be less supportive of democracy.

⁷ For Figure 3, 4 and 5, fitted values were calculated by allowing the variables of interest to vary through their ranges and setting all other variables to typical values (sample means for quantitative variables and sample proportions for categorical variables). For more information on the method used to calculate these fitted values, see Fox and Andersen (2006).

Figure 3 Effect display showing the interaction between individual-level income and GDP per capita in their effects on support for democracy. Dotted lines represent 95% confidence bands.



We now turn to Figure 4 to assess the impact of income inequality on support for democracy. Consistent with the findings from Figure 1, which was constructed from aggregated country-level data, we clearly see that people living in countries with high income inequality tend to be less supportive of democracy than those living in more equal countries. There is more to the story, however. Concentrating on panel (a), income inequality tends to have no affect on those with low incomes—i.e., poorer individuals have approximately the same relatively low level of support regardless of the level of income inequality. The story changes at high levels of income, however. High income earners tend to be most supportive of democracy regardless of the level of income inequality, but are even more supportive when income inequality is low. In short, the more equal the society is, the more likely it is that people support democracy, especially if they are high income earners. A slightly different picture emerges for the former Communist societies, however. While the general effect of income is the same—i.e., as incomes rise, people become more likely to support democracy—the difference between the rich and poor is most pronounced in less equal societies.

We now examine the relative impact of the three national context variables—i.e., economic development, income inequality and former Communist rule—on public opinion. To this end, Figure 5 displays the fitted values representing these effects. Recall that all of the established democracies had higher per capita GDP than any of the former Communist societies. Aside from the exception of the Czech Republic, the more established democracies also had higher levels of support for democracy. These two characteristics of the data are clearly shown in Figure 5(a). Notice also that per capita GDP has a very similar positive effect on attitudes in both former Communist

societies and more established democracies. More important, however, is the large difference in average level of support between the two types of societies. On average, public support for democracy is about 2.2 points higher in the more established democracies. To give an indication of just how large this effect is, we can compare it to the differences in average support across the range of per capita GDP within the two groups of countries. Predicted support for democracy is slightly less than one point higher in countries with the highest level of economic development compared to countries with the lowest level of democracy in both societies (0.92 in the former Communist countries and 0.98 in the more established democracies).

Figure 5 Overall Effects of National Context on Support for Democracy

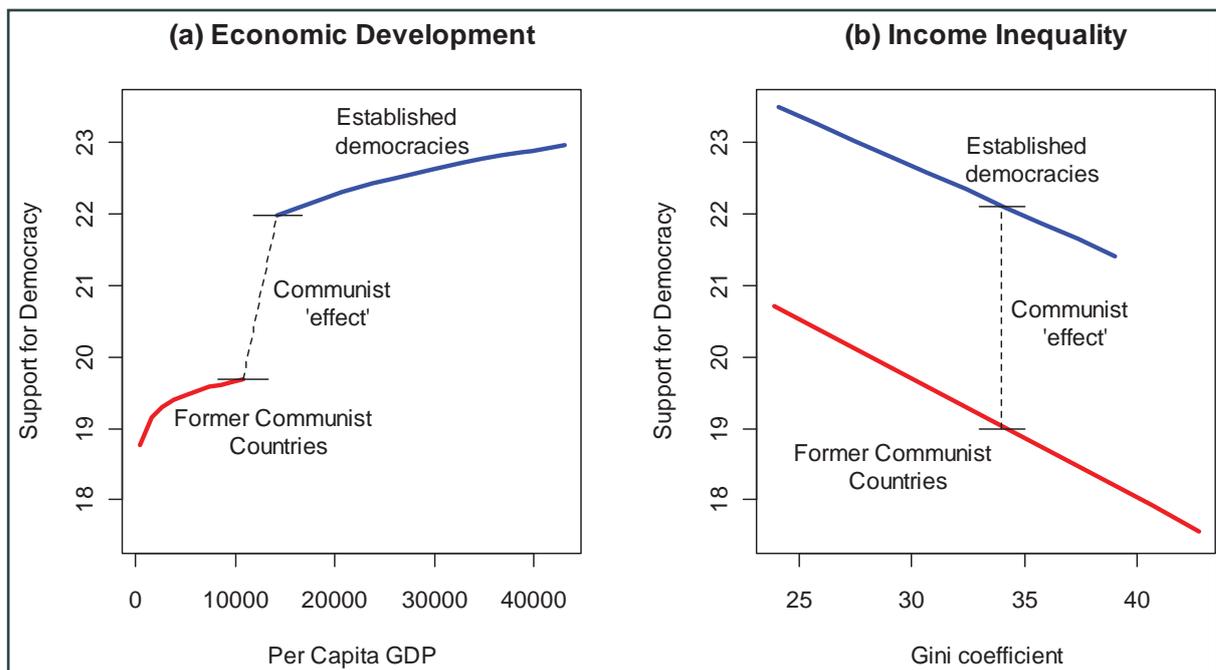


Figure 5(b) focuses on the role of income inequality for attitudes. We can make three noteworthy observations from this figure. First, there is a strong negative effect of income inequality on support for democracy. In fact, this effect is more than twice as strong as the observed effect of per capita GDP. Secondly, the effect is very similar for well established democracies and countries that have experienced Communist rule. Notice that the lines are nearly parallel through the range of the Gini coefficient. Finally, the large Communist “effect” that was uncovered in Figure 5(a) is again apparent. In the middle of the distribution of the Gini coefficient, the predicted level of support for democracy is about 3 points higher for the well established democracies than it is for former Communist countries. This is similar in magnitude to the difference between predicted support for democracy in countries at the opposite extremes of the distribution of income inequality for both types of society. We conclude, then, that the effects of income inequality and former Communist rule are profound.





7. Discussion

Common wisdom holds that economic development is the key to democracy. It is well-known that rich countries are more likely than poor ones to have democratic institutions. As this paper demonstrates, however, support for democracy is not uniformly present in all rich countries. It is clear, that other factors also contribute to the development of democracy. The analyses in this paper attempt to shed light on this issue by considering the role of economic inequality and political context. Specifically, I explored how individual-level income affects attitudes, and how this effect is moderated by the levels of economic development and income inequality within a country. I also explored how these relationships differ between former Communist societies and more established democracies.

The findings with respect to the role of income inequality are compelling: Countries with high levels of income inequality tend to have lower levels of support for democracy than countries with low levels of income inequality. This finding is consistent with other research on values and attitudes often considered important to democracy. For example, similar findings have been found for the effect of inequality on political engagement (Solt 2008), class identity (Andersen and Curtis 2012), social trust (Uslaner 2002), social tolerance (Andersen and Fetner, 2008) and voluntary association involvement (Andersen and Milligan 2011). Nevertheless, this is the first study to systematically demonstrate the negative effects of income inequality on support for democracy. As such, this finding raises some important policy implications.

It is well known that governments and policy makers focus on the importance of economic prosperity for ensuring the growth of democracy. While these findings support this practice, a qualification is needed. It is not clear that encouraging economic growth without also considering how the economic growth is distributed will have general benefits for democracy. In fact, these findings suggest that if economic growth benefits only the rich, support for democracy could be hampered. Given that similar results were found for both former Communist societies—which tend to be relatively poor—and established democracies, this conjecture applies to both rich, well-established democracies, and to less developed societies attempting to have democracy take hold (see also Andersen, Brym and Araj 2012). It is important, then, that policies for economic growth be accompanied by redistributive policies, at least if a healthy democracy is the goal. There is no evidence in the data employed here that the “trickle down economics” approach to economic growth is beneficial to democracy. If the goal is to nurture democratic values, initiatives to encourage economic growth could be wasted if there is no corresponding attempt to ensure that the masses are enfranchised.

It is also of interest to consider the role of former Communist rule. Previous research on former Communist societies by Evans and Whitefield (1995) suggested that political context could be even more important than economic context for nurturing democratic values. The present study gives us better purchase on the relative effects of political and economic context by comparing former Communist societies and more established democracies. The difference in public opinion between former Communist societies and established democracies was far greater than the differences between countries at the opposite ends of economic development with these two groups. Moreover, the effect of former Communist rule was on a par with effect of income inequality. Consistent with Evans and Whitefield (1995), then, these results suggest that political context is very important. The simplest interpretation of this finding is that experience with democracy garners support for it. This is also consistent with preliminary analyses that showed a positive relationship between years of continuous democracy and public opinion. An alternative interpretation, however, focuses on experience with capitalism. The former Communist societies transitioned to democracy and free markets at the same time. It is possible, then, that residents of these countries placed as much emphasis on the transition to the free market as on the transition to democracy when evaluating their support for the latter (cf. Kitschelt 1992). Of course, the present data only allow us to speculate on which interpretation is correct.

Like most studies, this study is not without limitations. For example, it could be argued that the dependent variable better taps satisfaction with one's current government than support for democracy. This would not discredit the results, but it would lead to a slightly different interpretation. It is certainly possible that respondents did answer questions regarding democracy by considering how well the government in power was performing. Still, in the modern world, new governments seldom make drastic changes to how a country is governed. I argue, then, that we would be unlikely to observe drastic changes in this dependent variable unless the public was evaluating the political system as a whole. Nevertheless, the present data do not all this conjecture to be tested.

In conclusion, this paper sought to determine the extent to which economic and political context influences attitudes towards democracy. It provides clear evidence that economic conditions matter. People are more likely to have favorable opinions of democracy if they are rich and live in a rich country. Just as important, however, is the role of economic inequality at the national level. On average, people are less supportive of democracy if they live in a country characterized by a high level of income inequality. Finally, while these relationships are relatively similar in both former Communist societies and more established democracies, there are clear differences between these two societies that appear to have little to do with economic conditions. In short, there appears to be a lingering effect of Communist rule that results in people who experienced it having far less support for democracy.



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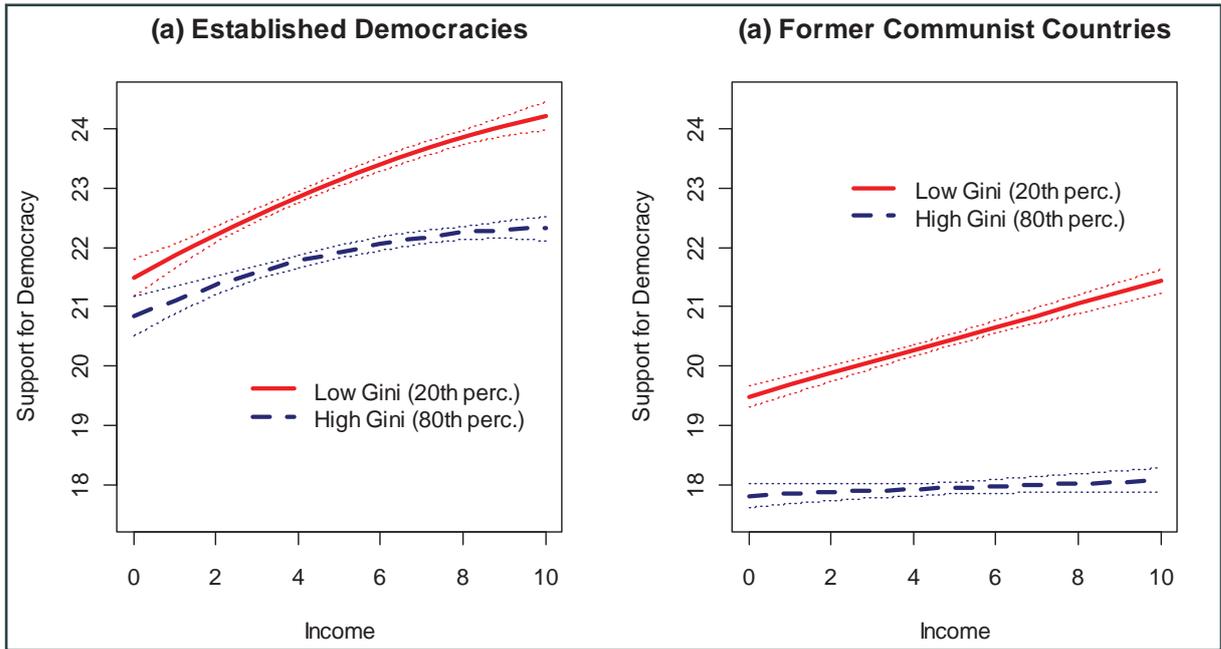


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Figure 4 Effect display showing the interaction between individual-level income and income inequality (measured by the Gini coefficient) in their effects on support for democracy. Dotted lines represent 95% confidence bands.







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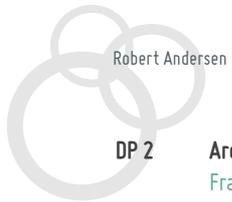
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Aims

The core objective of GINI is to deliver important new answers to questions of great interest to European societies: What are the social, cultural and political impacts that increasing inequalities in income, wealth and education may have? For the answers, GINI combines an interdisciplinary analysis that draws on economics, sociology, political science and health studies, with improved methodologies, uniform measurement, wide country coverage, a clear policy dimension and broad dissemination.

Methodologically, GINI aims to:

- exploit differences between and within 29 countries in inequality levels and trends for understanding the impacts and teasing out implications for policy and institutions,
- elaborate on the effects of both individual distributional positions and aggregate inequalities, and
- allow for feedback from impacts to inequality in a two-way causality approach.

The project operates in a framework of policy-oriented debate and international comparisons across all EU countries (except Cyprus and Malta), the USA, Japan, Canada and Australia.

Inequality Impacts and Analysis

Social impacts of inequality include educational access and achievement, individual employment opportunities and labour market behaviour, household joblessness, living standards and deprivation, family and household formation/breakdown, housing and intergenerational social mobility, individual health and life expectancy, and social cohesion versus polarisation. Underlying long-term trends, the economic cycle and the current financial and economic crisis will be incorporated. Politico-cultural impacts investigated are: Do increasing income/educational inequalities widen cultural and political 'distances', alienating people from politics, globalisation and European integration? Do they affect individuals' participation and general social trust? Is acceptance of inequality and policies of redistribution affected by inequality itself? What effects do political systems (coalitions/winner-takes-all) have? Finally, it focuses on costs and benefits of policies limiting income inequality and its efficiency for mitigating other inequalities (health, housing, education and opportunity), and addresses the question what contributions policy making itself may have made to the growth of inequalities.

Support and Activities

The project receives EU research support to the amount of Euro 2.7 million. The work will result in four main reports and a final report, some 70 discussion papers and 29 country reports. The start of the project is 1 February 2010 for a three-year period. Detailed information can be found on the website.

www.gini-research.org





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