

Governance Quality, Fairness Perceptions, and Satisfaction with Democracy in Latin America

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Abstract:

How do individuals' fairness judgments affect support for the political system? I argue that when citizens perceive high levels of distributive unfairness in society, they will be less satisfied with the way democracy functions. Yet, good governance – i.e., impartiality in the exercise of political authority – should mitigate the negative influence of perceived distributive unfairness on satisfaction. Using a cross-national analysis of 18 Latin American countries from 2011 to 2015, I demonstrate individuals are significantly less satisfied with democracy when they perceive their country's income distribution as unfair. Yet, good governance – as indicated by a country's level of corruption – significantly offsets this negative relationship, even in a region with the highest level of inequality in the world. These findings imply that policymakers can bolster democratic satisfaction, even in places where citizens perceive the income distribution as fundamentally unfair, by committing to good governance and fair democratic procedures.

Keywords: satisfaction with democracy, governance, corruption, inequality, distributive fairness

Satisfaction with democracy is a widely used indicator of political support that taps evaluations the “how the democratic regime works in practice” (Linde and Eckman 2003). Dissatisfaction with democratic institutions undermines conventional forms of political participation (Dalton 2004), and it has the potential to undercut the legitimacy required for democracy to consolidate (Almond and Verba 1963; Linz and Stepan 1996). Despite its importance, however, satisfaction with democracy is at troubling low levels in a number of Latin American countries. In Mexico, less than 20 percent of the people interviewed in the 2015 Latinobarometer indicated they were satisfied with the way their country’s democracy functions, and in Brazil, barely 22 percent of respondents were satisfied with democracy. This stands in stark contrast to countries such as Ecuador or Uruguay, where satisfaction with democracy ranges between 60 and 70 percent.

Scholars have grappled to understand why satisfaction with democracy is so low in a number of Latin American countries. Dissatisfaction with democracy has been linked to poor economic performance (Booth and Seligson 2009; Dalton 2004), majoritarian electoral systems (Anderson and Guillory 1997), election scandals (Kumlin and Esaisson 2012), and economic inequality (Anderson and Singer 2008). A growing body of literature further argues that poor governance and weak state capacity have resulted in a “crisis of representation,” characterized by widespread disillusionment and disenchantment with democratic institutions (e.g., Mainwaring 2006), in a number of Latin American countries. Indeed, poor governance quality – i.e., a lack of impartiality in the exercise of political authority (Rothstein and Teorell 2008) – is associated with decreased satisfaction not only in Latin America (Weitz-Shapiro 2008), but in new and mature democracies more generally (Anderson and Tverdova 2003).

Here, I argue that citizens’ perceptions of the income distribution are another important determinant of democratic dissatisfaction. Individuals are generally less satisfied when democratic outcomes do not match their normative expectations about what democracy should do in practice

(Singh and Carlin 2015). When citizens perceive or experience *distributive unfairness* – for example, when they perceive their country’s income distribution as unfair – this signals that the democratic process is not producing the outcomes it was intended to produce (Meltzer and Richards 1981). Yet, when individuals are presented with alternative evidence that democracy is functioning properly, this suggests that democracy is not to blame for the inequalities that exist in society. In this paper, I demonstrate that individuals are less satisfied with democracy when they perceive their country’s income distribution to be unfair. Yet, the presence of good governance (e.g., low levels of corruption, but also electoral accountability and fair and transparent government decision-making procedures) can reduce the negative impact of perceived distributive unfairness on democratic satisfaction. In this way, I demonstrate an important principle of fairness theory: the presence of fair democratic processes can help mitigate the impact of negative distributive outcomes.

One important contribution of this research is that I investigate factors giving rise to the frequently documented connection between economic outcomes, governance quality, and political support. Another contribution is that I draw upon social justice theories to derive new hypotheses about how people formulate fairness judgments and use these judgments to evaluate democratic governments. Beyond these theoretical contributions, my findings have a number of broader implications for policy and democratic consolidation.

As I elaborate in the conclusion, the finding that good governance mitigates the negative influence of distributive unfairness on democratic satisfaction speaks to a broad literature on representation, women and politics, and corruption. For instance, prior research finds a robust correlation between women in government and lower levels of corruption (Bauhr, Charron, and Wängnerud 2018; Esarey and Schwindt-Bayer 2018; Stensöta, Wängnerud, and Svensson 2015). Scholars have also begun investigating the mechanisms that explain this relationship (Stensöta and Wängnerud 2018), demonstrating that citizens believe the government is less corrupt when it is not

dominated by political elites or insiders (Barnes and Beaulieu 2019; Barnes, Beaulieu, and Saxton 2018). An implication of this research is that when government is not dominated by elites, citizens should be more likely to believe the democratic process is functioning properly and that government is exercising its power transparently and impartially. My findings suggest that initiatives aimed at reducing corruption, such as increasing the presence of historically marginalized groups in politics, could help bolster political support in the face of unfair distributive outcomes.

The Sources of Satisfaction with Democracy

Political support, as reflected in satisfaction with democracy, or support for “how the democratic regime works in practice” (Linde and Eckman 2003), is at low levels in several Latin American countries. In particular, a number of democracies in the region are experiencing crises of representation (Mainwaring 2006), party system collapses (Morgan 2011), and the rise of illiberal populist leaders and political outsiders (Carreras 2012). Low levels of democratic satisfaction are important because even though such measures of support are not considered indicators of what Easton (1975) and others term “diffuse” support, they are stable enough to resist the short-term fluctuations of “specific” support that political authorities tend to face (Dalton 2004). Hence, a prolonged period of democratic dissatisfaction may have serious consequences for the consolidation of democracies in the region.

Research on political support posits a number of potential causes of low satisfaction with democracy. One set of explanations focuses on political institutions and the representative outcomes they produce. Citizens are generally less satisfied when their normative expectations about representation and accountability do not align with actual democratic outcomes (Singh and Carlin 2015). Moreover, democratic satisfaction suffers when citizens are on the losing side of elections (Anderson et al. 2005), yet this satisfaction gap between electoral winners and losers is smaller in more proportional systems than in majoritarian ones (Anderson and Guillory 1997).

Another set of explanations focuses on citizens' evaluations of government performance and suggests that favorable economic outcomes explain political support (Booth and Seligson 2009; Dalton 2004). In particular, negative evaluations of government performance have an especially damaging influence on political support in newer, less consolidated democracies (Dahlberg, Linde, and Holmberg 2015). Meanwhile, others have suggested that citizens care not only about government outputs, but also about the fairness of democratic procedures (Hibbing and Theiss-Morse 2001; Van Ryzin 2011). For instance, citizens are less satisfied with democracy when they live in countries with high corruption (Anderson and Tverdova 2003). By contrast, citizens are more satisfied with democracy when they perceive that elections hold representatives accountable and guarantee the voices of all voters are represented (Aarts and Thomassen 2008).

A growing body of research also shows that economic inequality is associated with decreased political support, such as satisfaction with democracy (Anderson and Singer 2008); support for democracy (Krieckhaus et al. 2014), and political trust (Córdova and Layton 2016; Zmerli and Castillo 2015). By giving wealthier individuals a disproportionate amount of political influence (Gilens 2012), economic inequality violates the key democratic principle of one person, one vote. In this way, objective economic inequality certainly shapes citizens' evaluations of democratic governments.

Yet, when it comes to satisfaction with democracy, I argue that citizens' *perceptions* of the income distribution are equally important. Not only do individuals sometimes underestimate the true magnitude of income disparities, especially at high levels of inequality (Osberg and Smeeding), but they also tend to legitimize income differences (Trump 2018) and become less supportive of redistributive policies (Kelly and Enns 2010) as objective levels of inequality increase. Indeed, in Latin America objective levels of inequality and citizens' perceptions of the fairness of the income distribution are only moderately correlated (See Appendix Figure A1). Below, I advance these

scholarly lines of research by examining the relationship between perceptions of distributive fairness, governance quality, and satisfaction with democracy in Latin America, a region with the highest levels of economic inequality in the world.

Linking Distributive Unfairness to Political Support

Inequality challenges a fundamental human motivation—people’s desire to live in a just world (Lerner and Miller 1978). Classic political economy models assume that under democracy the poor will demand wealth redistribution, thus decreasing economic inequality (Meltzer and Richard 1981). An implication of this “conventional wisdom” is that certain groups of people (i.e., the poor) dislike inequality, and they dislike it as a matter of resource attribution: resources are finite, economic resources are concentrated in the hands of the rich, and the poor want a larger share of these economic resources. Yet, psychological research on social justice suggests that *all* citizens—rich and poor alike—should dislike economic disparities, albeit for different reasons. Drawing on equity theories that date back to Aristotle, this research suggests people care deeply about proportionality, that is, whether the outcomes that people receive (income and other resources) are proportional to their inputs (e.g., time and effort) (Jost and Kay 2010). When a CEO is paid 300 times the salary of an average worker for what is perceived to be the same amount of time and effort, this outcome violates the distributive justice concept of *desert*, or deservingness (Miller 1999). Although this disproportionate outcome clearly disadvantages the worker, leaving her to feel angry or resentful, the CEO should feel guilty about being over-benefitted and should seek to restore equity (Waksalk et al. 2007).¹

Just because individuals dislike social and economic inequalities, however, it remains unclear whether perceived distributive unfairness should translate into political dissatisfaction. Yet, there is evidence from Latin America to suggest that citizens draw strong connections between government (in)action and unfair distributive outcomes. In Argentina, for instance, the vast majority of citizens

believe the government should redistribute wealth to reduce economic inequality (Lupu 2016). Elsewhere in Latin America, public opinion data shows that anywhere from 70 to 90 percent of citizens indicate that the government “should enact firm policies to reduce inequality”. These data suggest that people understand how government *could* implement policies that reduce economic disparities, and in a context of economic inequality they recognize that the government is not doing as much as it could to correct for unfair distributive outcomes.

In sum, when people perceive distributive unfairness, resulting from the inaction of democratic governments, their political satisfaction is likely to suffer. In this way, the distributive outcomes that individuals experience are not in line with their normative expectations about the outcomes that the democratic process is supposed to produce (Singh and Carlin 2015). Given this, I posit:

Hypothesis 1: On average, perceived distributive unfairness will be associated with diminished satisfaction with democracy.

Perceived Distributive Unfairness in a Context of Good Governance

The above theory and hypothesis posit that citizens’ evaluations of distributive outcomes shape their support for the political system. Yet, the context in which people form their perceptions of distributive fairness matters for their political evaluations as well. Specifically, insights from social psychology suggest that governance quality – i.e., impartiality in the exercise of political authority (Rothstein and Teorell 2008) – affects how citizens form judgments about distributive fairness and use these judgments to subsequently evaluate democracy.

People care deeply about the procedures by which political outcomes are produced (André and Depauw 2017; Hibbing and Theiss-Morse 2001). In particular, good governance, which some scholars have also referred to as procedural fairness (Linde 2012), should diminish the extent to which distributive unfairness erodes political support, even in the face of economic inequality. An

implication of research on the Fair Process Effect (e.g., van den Bos, Wilke, Lind, and Vermunt 1998) is that governance quality shapes people's expectations about the outcomes they receive and their responses to any distributive unfairness they may experience. People desire fair procedures, such as impartiality in the exercise of political authority (Rothstein and Teorell 2008), because they are perceived to produce fair outcomes (Thibaut and Walker 1975). Additionally, people are generally more satisfied with outcomes—unfavorable or otherwise—when they are the result of fair, impartial, and transparent processes (van den Bos 2005).

Individuals often draw on multiple sources of information when forming their judgments about fairness and democracy (André and Depauw 2017), and Fairness Heuristic Theory (FTH) further suggests that governance quality is important when people lack the information they need to make accurate social comparisons. People often underestimate the true magnitude of income disparities at high levels of inequality (Osberg and Smeeding 2006), and low status individuals generally inflate their own position in the income distribution (Aalberg 2003). If and when such accurate social comparisons are lacking, FTH suggests that people use noneconomic information about processes and procedures – such as the governance quality – to help form perceptions of distributive fairness, and consequently evaluations of political support (Magalhães 2016; Van Ryzin 2011).

Following the above logic, in a context of good governance, citizens should react less unfavorably to social and economic inequalities in the first place. Yet, even when citizens perceive or experience distributive unfairness, the presence of good governance, such as the impartial exercise of public power (Linde 2012; Rothstein and Teorell 2008) should make them less likely to express political dissatisfaction as a result. Distributive unfairness signals to citizens that democracy is not functioning properly, by challenging their normative expectations about the outcomes that democracy is supposed to produce in practice (Singh and Carlin 2015). Yet, the presence of good

governance should allay citizens' concerns about perceived distributive injustice by providing alternative information that democracy is indeed functioning properly, and that democracy is the most legitimate vehicle for addressing inequities in society.

Hypothesis 2: Good governance will mitigate the negative relationship between perceived distributive unfairness and satisfaction with democracy.

Evaluating the Relationship between Fairness Perceptions and Satisfaction with Democracy

Dependent Variable

The dependent variable in this analysis is *satisfaction with democracy*. Satisfaction with democracy represents an important and widely used indicator of political support (Norris 2011) that taps citizens' evaluations of "how the democratic regime works in practice" (Linde and Ekman 2003). To measure satisfaction with democracy, Latinobarometer asks respondents, "In general, would you say that you are very satisfied, quite satisfied, not very satisfied, or not at all satisfied with the working of democracy in your country?" Responses in the analysis are coded such that "not at all satisfied" (coded 1); "not very satisfied" (2); "quite satisfied" (3); and "very satisfied" (4). When pooling data across country-year surveys, the average response to this question is 2.4 and the modal response is 2 ("not very satisfied"), although there is considerable variation in satisfaction with democracy across Latin American countries.

Independent Variables

Perceptions of Distributive Unfairness: The primary individual-level predictor of satisfaction with democracy, *perceptions of distributive unfairness*, is based on the Latinobarometer question, "How fair do you think the income distribution is in your country?" This survey item is ideal for the research at hand: it maps onto the core theoretical concept—i.e., *fairness perceptions*, as opposed to assessments or evaluations of actual inequality—remarkably well. Cross-national public

opinion surveys frequently ask respondents whether they think the gap between the rich and poor is getting bigger or smaller, but just because individuals perceive inequality to be on the rise, they will not necessarily respond negatively to it (Trump 2018). Latinobarometer is one of the few surveys that consistently asks this question about *distributive fairness* perceptions. Responses range from “very fair” (coded 1) to “very unfair” (4), and the mean and modal response to this question is 3 (“unfair”).

Governance Quality: In addition to individual-level factors, I hypothesize that governance quality should ameliorate the negative influence of perceived distributive unfairness on political support. One important indicator of governance quality is corruption, which conveys important messages to citizens about the fairness of government policies and processes. Corruption on the part of government officials violates “the belief that the authority makes genuine attempts at being fair and ethical” (Tyler and Lind 1992). It sends a signal that certain people are above the law, and that all citizens are not treated equally (Linde 2012, 413). In addition to affecting citizens’ judgments about fairness, corruption also impedes government capacity (Graycar and Villa 2011), hinders the political advancement of politically marginalized groups, such as women (Stockemer and Sundström 2019; Sundström and Wängnerud 2016), and undermines electoral accountability and democratic legitimacy more generally (Bauhr and Charron 2018; Booth and Seligson 2009; Kumlin and Esaisson 2012; Linde and Erlingsson 2013).

Corruption is salient and pervasive in a number of Latin American countries, at all levels of government. In the 2015 Latinobarometer, nearly 20 percent of all respondents indicated that they or a family member had personally witnessed an act of corruption or bribe taking by a politician or government official in the last year. Themes about corruption, inequality, and support for the political system are also evident in elite and media discourse in Latin America. An article in *Clarín*, a national newspaper in Argentina, reported in 2018, for instance: “It would seem that a kind of

vicious circle has been generated between corruption, the unequal distribution of power in society and inequality in the distribution of wealth. Corruption is destroying the fabric of society and the confidence of the population in the political system and its leaders.”²

Previous research has identified a number of different ways for measuring governance quality, one of which is corruption. In the results below, I operationalize governance quality as *control of corruption*, using a measure from the World Bank’s Worldwide Governance Indicators (WGI) project (Kaufmann, Kraay, and Mastruzzi 2011). *Control of corruption* captures “[expert] perceptions of the extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as ‘capture’ of the state by elites and private interests.” The *control of corruption* figures used in this analysis correspond to the year immediately preceding the respective Latinobarometer wave. The *control of corruption* measure theoretically ranges from -2.5 to 2.5, with higher values indicating lower levels of corruption. In this sample, the *control of corruption* measure ranges from -1.38 (Venezuela in 2015) to 1.56 (Chile in 2013), with a mean value of -.30. In Appendix Table A1 and Figure A2, I demonstrate that the results are also robust to other measures of governance quality, including WGI measures of *rule of law*, *voice and accountability*, and *government effectiveness*, as well as an alternative corruption measure from the Bayesian Corruption Index (Standaert 2015).

Control Variables

To control for potential sources of spuriousness, I include a number of individual-level variables that existing research consistently shows to be important predictors of support for the political system and that theoretically could correlate with perceptions of distributive unfairness, particularly: support for the incumbent government and perceptions of the national economy. Individuals who approve of the incumbent and express favorable evaluations of the economy are more likely to support the political system (e.g., Anderson et al. 2005; McAllister 1999), and these

individuals could be less likely to blame the government for unfavorable distributive outcomes.

Support for the incumbent comes from the question, “Do you approve or not of the performance of the government led by President (name)?” Responses are coded such that 0=Disapprove and 1=Approve. *Perceptions of the national economy* comes from the question, “Do you consider the country’s present economic situation to be better (coded 1), a little better (2), the same (3), a little worse (4), or much worse (5) than 12 months ago?” I also control for political ideology: “In politics, people normally speak of ‘left’ and ‘right.’ On a scale where 0 is left and 10 is right, where would you place yourself.” To rule out the possibility that socioeconomic factors are driving both satisfaction with democracy and perceptions of distributive unfairness, I control for wealth quintile (Córdova 2009) and education, as well as respondent’s sex, subjective social class, age, and whether the respondent lives in a rural area.

In addition to individual-level covariates, I control for factors at the country-level that could theoretically correlate with fairness perceptions and political support, particularly aggregate levels of inequality. Although the focus here is on *perceptions* of fairness of the income distribution, as opposed to objective levels of inequality, there is reason to suspect that aggregate inequality could affect both perceptions of distributive unfairness (Trump 2018) and satisfaction with democracy (Anderson and Singer 2008). To account for this possibility, I include a measure of net national-level income inequality from the Standardized World Income Inequality Database (Solt 2016). Inequality figures represent the most recent available Gini coefficients prior to the survey year. Also, given that recent research has shown that the level of government involvement in the economy conditions the relationship between citizens’ economic evaluations and satisfaction with democracy (Tang and Naris 2019), I include a control from the Fraser Institute’s *Economic Freedom of the World* that captures the extent of the government’s economic engagement (higher values correspond to *less* engagement).

Prior research has also shown that women's presence in government reduces corruption (Esarey and Chirillo 2013; Dollar, Fisman, and Gatti 2001) and increases satisfaction with democracy (Schwindt-Bayer 2010). As such, I demonstrate that the results are robust when controlling for the percentage of women in the legislature in Appendix Table A2. Given the previously documented connection between evaluations of the economy and political support (e.g., Booth and Seligson 2009), I also show that the main results are robust when controlling for gross national income (GNI) per capita and GDP change (Appendix Table A2). Finally, given that the democratic context in a country could affect individuals' evaluations of how well democracy is performing, I include two additional robustness checks in the appendix. First, I estimate a model controlling for a country's Freedom House political rights score. Second, I re-estimate the model from the main analysis and exclude any nondemocracies from the sample. I do not include a control for level of democracy in the main analysis because of its high correlation with *governance quality*.

Methodology

To test my hypotheses, I conduct a multilevel analysis of individual responses from three different waves of the Latinobarometer survey, covering 18 Latin American countries from 2011-2015, in conjunction with country-level measures of income inequality, state involvement in the economy, and governance quality. Given the nested nature of my survey data, with individuals (level 1) nested within surveys (level 2) nested within countries (level 3), a multilevel model is appropriate. However, given that there are only 18 observations at the highest level, modeling country-level effects presents its own problems (Stegmueller 2013). Rather, I use a two-level model for the main analysis in which individuals are nested within 54 country-waves, and following Heisig and Schaeffer (2019), I include a random slope for the individual-level independent variable, *perceived distributive*

unfairness, in all of the models.³ As a robustness check, I estimate a three level model in the Appendix Table A3.

Results of the Cross-National Analysis

Model 1 in Table 1 presents a baseline model without any higher-order covariates or interactions. The first thing to notice in Model 1 is that the variable for *perceived distributive unfairness* has a negative and statistically significant coefficient. Model 2 includes the country-level measure of governance quality (*control of corruption*), and Model 3 includes all higher-level covariates. As with Model 1, the coefficient on the variable for *perceived distributive unfairness* is negative and statistically significant in Models 2 and 3, thus lending support for *Hypothesis 1*. On average, individuals are less likely to be satisfied with democracy when they perceive their country's income distribution as unfair. In Model 4, I include a cross-level interaction between perceived distributive unfairness and governance quality to test *Hypothesis 2*. Lending preliminary support to *Hypothesis 2*, the interaction term in Model 4 is significant. The control variables in Table 1, which allow me to account for a number of possible sources of spuriousness, all behave largely as expected and consistent with prior research. In particular, the models in Table 1 allow me to demonstrate that the relationship between perceived distributive unfairness and satisfaction with democracy holds even when taking into account actual levels of inequality, economic evaluations, incumbent approval, and a number of socioeconomic factors that have previously been shown to predict political support.

While the results in Table 1 are consistent with the hypothesized relationship between perceived distributive unfairness and satisfaction with democracy (*Hypothesis 1*), substantive effects are difficult to intuit from nonlinear models. With this in mind, I use the results in Table 1, Model 4 to calculate a series of predicted probabilities. In substantive terms, when individuals perceive their country's income distribution as "very fair," they have about a .06 probability of being "very dissatisfied" with democracy and a .23 probability of being "very satisfied" with democracy.

Conversely, individuals viewing their country’s income distribution as “very unfair” have about a .24 probability of being “very dissatisfied” with democracy and a .07 probability of being “very satisfied.” In other words, consistent with *Hypothesis 1*, individuals are less likely to be satisfied with the way their country’s democracy functions when they perceive the income distribution to be unfair.

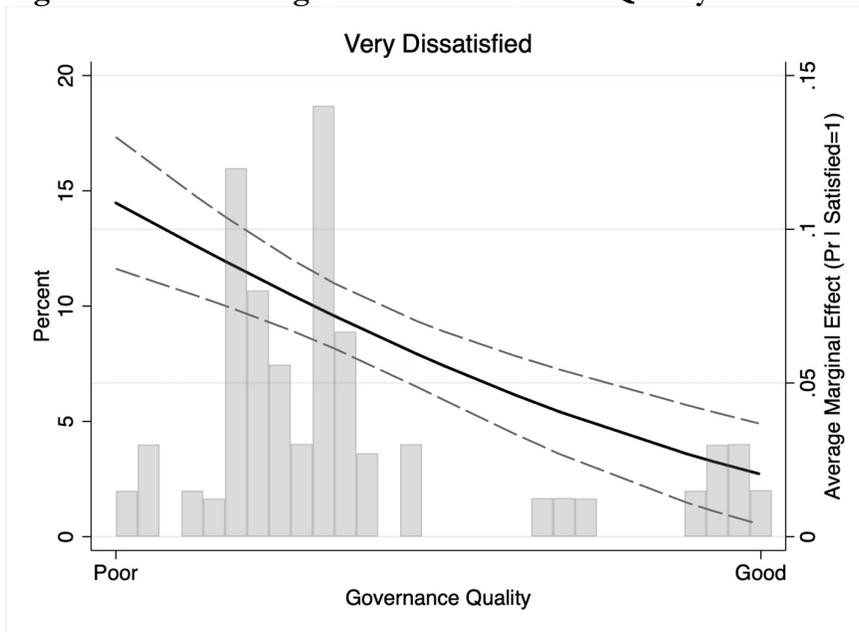
Table 1. Perceived Distributive Unfairness and Satisfaction with Democracy

	Model 1	Model 2	Model 3	Model 4
Perceived Unfairness	-.58*** (.04)	-.58*** (.04)	-.57*** (.04)	-.52*** (.04)
Governance Quality		.45*** (.12)	.29*** (.11)	-.10 (.15)
Perceived Unfair X Governance				.17*** (.05)
<i>Individual Level</i>				
Economic Perception (Worse)	-.42*** (.01)	-.42*** (.01)	-.42*** (.01)	-.42*** (.01)
Education	-.01*** (.00)	-.01*** (.00)	-.01*** (.00)	-.01*** (.00)
Incumbent Approval	.80*** (.02)	.80*** (.02)	.80*** (.02)	.80*** (.02)
Subjective Social Class	.07*** (.01)	.07*** (.01)	.07*** (.01)	.07*** (.01)
Political Ideology 0-10=Right	.00 (.00)	.00 (.00)	.00 (.00)	.00 (.00)
Rural	.04* (.03)	.04* (.03)	.04* (.03)	.04* (.03)
Wealth Quintile	.01 (.01)	.01 (.01)	.01 (.01)	.01 (.01)
Female	-.03 (.02)	-.03 (.02)	-.03 (.02)	-.03 (.02)
<i>Country-Year Level</i>				
Income Inequality (Gini)			-.11*** (.02)	-.11*** (.02)
Government Economic Engagement			.04 (.10)	.03 (.10)
Number of Individuals	40620	40620	40620	40620
Number of Country-Years	54	54	54	54
<i>Wald Chi²</i>	3994.21	4012.23	4050.41	4169.92

* p<.10, ** p<.05, *** p<.01 (standard errors), multilevel ordered logit coefficients. Estimated in Stata 15.1.

To evaluate support for *Hypothesis 2* – that governance quality weakens the negative influence of perceived distributive unfairness on satisfaction with democracy – I turn to the cross-level interaction in Table 1, Model 4. The interaction coefficient is positive and significant, however numerous scholars remind us that care must be exercised when interpreting the sign or significance of interaction coefficients and their constituent parts. Thus, I follow the advice of Brambor, Clark, and Golder (2006) and present the substantive effects of the interaction graphically. Since *Hypothesis 2* posits that the negative effect of perceived distributive unfairness on political support should be weaker in countries with better governance, I calculate and plot the marginal effect of perceived distributive unfairness on the probability of being “very dissatisfied” (*satisfaction=1*), across the range of the *control of corruption* values in the sample. The marginal effects plotted in Figure 1 are overlaid with a histogram showing the distribution of the *control of corruption* values.

Figure 1. Conditioning Effect of Governance Quality



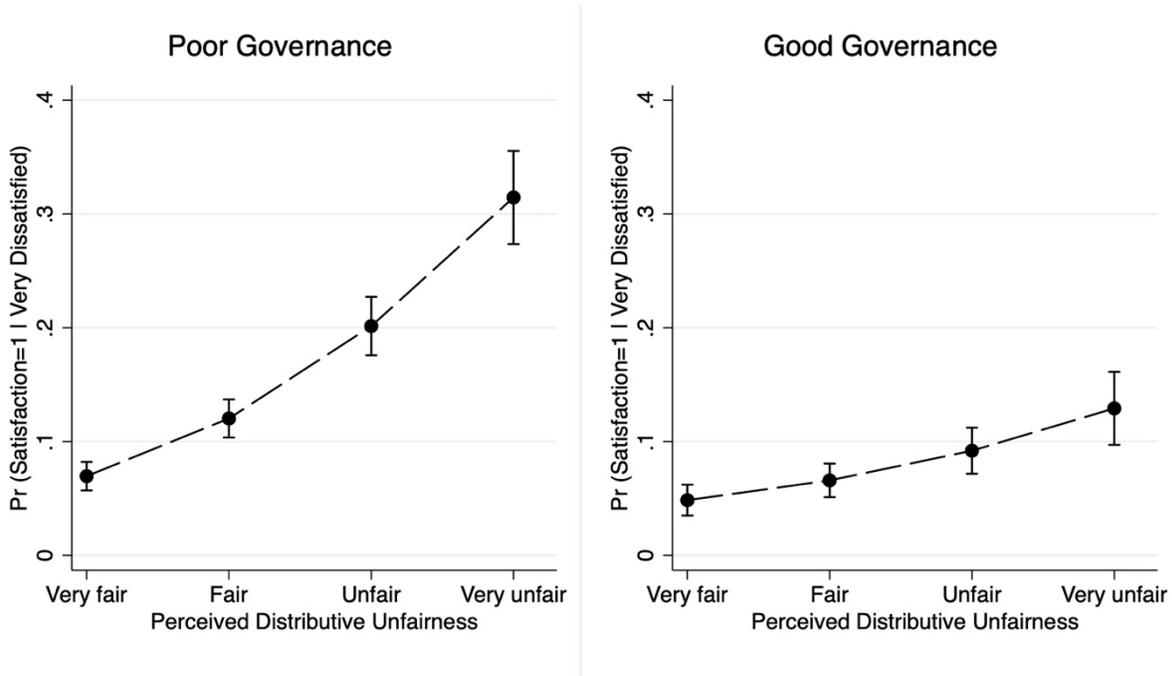
Note: Average marginal effect of an increase in *perceived distributive unfairness* on the probability of observing the “very dissatisfied” outcome (coded 1). Dashed lines represent 95% confidence intervals. Calculated using the results in Table 1, Model 4.

The marginal effects plotted in Figure 1 represent the average effect of an increase in perceived distributive unfairness on the probability of observing the “very dissatisfied” response outcome. When interpreting marginal effects, the further away a point estimate is from $y=0$, the stronger the relationship between the independent and dependent variable. Negative (positive) marginal effects mean that an increase in the independent variable is associated with a decrease (increase) in the dependent variable. If *Hypothesis 2* is correct, I expect to observe the marginal effect estimates weakening, or becoming less positive, as governance quality (*control of corruption*) improves. Indeed, this is exactly what Figure 1 shows: at the lowest level of governance quality, the marginal effect of an increase in perceived distributive unfairness on the probability of being “very dissatisfied” with democracy is .11. As we move from left to right on the x-axis and governance quality improves (i.e., there is less corruption), the marginal effect become less positive. At the highest level of governance quality in the sample, the marginal effect is only .02, still positive, but significantly less positive than at low levels of governance quality. Stated differently, perceiving the income distribution as increasingly unfair is associated with an increased probability of being dissatisfied with the way democracy functions, regardless of the governance quality context in a country. Yet, and fully consistent with *Hypothesis 2*, the relationship between perceived distributive unfairness and satisfaction with democracy weakens significantly as governance quality improves.

Figure 2 offers a slightly different graphical presentation of the interaction in Table 1. Here, I use the results from the cross-level interaction model to generate and plot the predicted probability that an individual will be “very dissatisfied” with democracy, for each value of *perceived distributive unfairness*, for the bottom quartile (left panel) and top quartile (right panel) of the *control of corruption* values in the sample. If *Hypothesis 2* is correct, and good governance mitigates the relationship between perceived distributive unfairness and democratic dissatisfaction, then the slope of the line

for *perceived distributive unfairness* should be steeper in a context of poor governance than a context of good governance.

Figure 2. Perceived Unfairness and Democratic Dissatisfaction in Contexts of Poor and Good Governance



Note: Predicted probability of observing the “very dissatisfied” response outcome (coded 1) in the bottom quartile (left panel, high corruption) and top quartile (right panel, low corruption) of the *control of corruption* values in the sample. Bars indicate 95% confidence intervals. Figures were calculated using the results in Table 1, Model 4.

Indeed, this trend is exactly what Figure 2 illustrates. In a context of poor governance (left panel), individuals who view the income distribution as “very fair” have a .07 probability of being “very dissatisfied” with the way democracy functions in their country, compared to a .31 probability of being “very dissatisfied” for individuals who view the income distribution as “very unfair.” In the context of good governance (right panel), however, “very fair” perceptions of the income distribution are associated with a .05 probability of being “very dissatisfied,” and “very unfair” perceptions are associated with a .13 probability of being “very dissatisfied.” Stated differently, moving from “very fair” to “very unfair” perceptions of the income distribution are associated with a .24 increase in the probability of being “very dissatisfied” in a context of poor governance quality,

but only a .08 increase in the probability of being “very dissatisfied” in a context of good governance quality.

Consistent with *Hypothesis 2*, the results in Figure 2 show that the context in which people’s perceptions of fairness are formed matters a great deal for whether or not perceived distributive unfairness will be associated with diminished satisfaction with democracy. In a context of good governance, perceptions of the fairness of the income distribution are only loosely associated with satisfaction. In countries with poor governance quality, there is a significant satisfaction gap between individuals who view the income distribution as “very fair” compared to “very unfair,” with individuals who view their country’s income distribution as unfair being more dissatisfied with democracy than anywhere else in Latin America. Taken together Figures 1 and 2 lend strong support to the theoretical argument that good governance mitigates the relationship between perceived distributive unfairness and democratic dissatisfaction.

Discussion and Conclusion

Political support is at troubling low levels and has been steadily declining during the last decade in a number of Latin American countries. In Brazil, for instance, recent high-profile corruption scandals coupled with a severe economic recession have left citizens disillusioned with their democratic institutions (Lopes 2018). Prior research has linked dissatisfaction and disenchantment with democratic institutions to weak state capacity and poor governance (Anderson and Tverdova 2003; Kumlin and Esaisson 2012; Mainwaring 2006; Weitz-Shapiro 2008), legislative gridlock (Singh and Carlin 2015), and economic inequality (Anderson and Singer 2008). I advance these scholarly lines of inquiry by examining how individuals’ perceptions of distributive unfairness affect their satisfaction with the way democracy works, and how this relationship is conditioned by the quality of governance in a country. Citizens become dissatisfied with democracy when their normative expectations about what democracy *should* produce do not align with the democratic

outcomes they experience (Singh and Carlin 2015). When citizens perceive distributive outcomes to be unfair, they are less likely to be satisfied with the way democracy functions in their country. Yet, when citizens are presented with alternative evidence that democracy is functioning properly, such as the presence of good governance, their concerns about distributive unfairness are allayed.

Using a multilevel analysis of public opinion data from 18 Latin American countries (2011-2015), I demonstrate that citizens who perceive their country's income distribution to be unfair are less likely to be satisfied with the way democracy. Moreover, this relationship holds even after controlling for other previously theorized determinants of political support, such as aggregate levels of income inequality, approval of the incumbent government, retrospective economic evaluations, political ideology, and socioeconomic factors such as wealth and education. This large-N cross-national analysis also shows that although perceptions of distributive unfairness are associated with lower democratic satisfaction for all citizens, on average, this relationship is weakest in a context of good governance. Empirically, these results demonstrate that as corruption decreases, the negative relationship between perceptions of distributive unfairness and satisfaction with democracy weakens significantly as well.

Although the empirical analysis in this paper employs a broad measure of corruption that captures petty and grand forms of corruption, as well as state capture by political elites and private interests, future research should examine whether different forms of corruption condition the relationship between perceptions of distributive unfairness and political support in the same manner. Bauhr (2017), for instance, finds that citizens mobilize to fight corruption when corruption is needed to gain access to public services, but not when corruption grants special advantages to private actors such as government contractors.

Future research should also consider whether corruption affects the relationship between perceived distributive unfairness and political support in the same manner for different groups of

citizens. For instance, prior research has shown that even when citizens are aware of corruption, individual-level characteristics such as gender (Barnes and Beaulieu 2014) and partisanship (Beaulieu 2014; Holman and Lay 2018) condition the relationship between corruption and individuals' assessments of political institutions and the fairness of government processes, such as elections. Prior research has also shown that members of clientelistic patronage networks are more tolerant of corruption (Chang and Kerr 2017), as are supporters of the incumbent administration (Anderson and Tverdova 2003). When it comes to evaluating democracy, those of the left of the political spectrum may be more concerned about distributive unfairness than those on the political Right. Indeed, Anderson and Singer's (2008) seminal finding that income inequality is associated with lower satisfaction with democracy in Europe is primarily driven by those on the political Left, and research on the moral foundations of political ideology (e.g., Graham, Haidt, and Nosek 2009) suggests that those on the political Left should be more moralize outcomes they perceive as unfair or harmful to others, whereas those on the political Right tend to care more about order, authority, and the rule of law.

Prior research also suggests that education may condition the relationship between fairness perceptions, governance quality, and satisfaction. For instance, Hakhverdian and Mayne (2012) find that educated individuals are more sensitive to corruption when it comes to evaluating political institutions because they have a higher capacity to monitor governance quality and because they are more normatively troubled by corrupt practices. Finally, income or class status could further condition the relationships examined here. Prior research on system justification theory suggests that higher status individuals are more likely to legitimize group differences by adopting narratives about deservingness or meritocracy to understand inequality (Jost and Hunyady 2003), and recent research find that economic inequality hampers the positive effect of improvements in governance capacity on political trust, especially among the poor (Córdova and Layton 2016).

Finally, it is important to note that the interaction between perceived distributive unfairness and governance quality could be explained by alternative theoretical approaches. The arguments developed in this paper, which are empirically supported, suggest that good governance mitigates citizens' concerns about inequality and distributive *unfairness* when it comes to evaluating democracy. However, it is also possible that perceptions of distributive *fairness* could mitigate citizens' concerns about governance quality. Zechmeister and Zizumbo-Colunga (2013) find, for instance, that individuals who espouse subjectively positive economic evaluations are more likely to discount corruption when it comes to presidential approval. Future research, including the use of experimental methods, could shed further light on the mechanisms that explain the empirical findings in this and other studies.

Poverty and distributive unfairness are widespread problems that have the potential to undermine not only support for the political system, but also political engagement and participation (Solt 2008). People care a great deal about fairness, and when they perceive patently unfair outcomes, such as an unfair distribution of wealth or income, they are less likely to be satisfied with their democratic government. On the one hand, this may be troubling for the prospects of democracy in regions such as Latin America: despite some recent declines in inequality, citizens across Latin America overwhelmingly perceive their countries' income distributions as unfair. As this research shows, high levels of perceived distributive unfairness harm satisfaction with democracy, and thus undermine the widespread democratic "buy-in" that is crucial for democracy to consolidate (Linz and Stepan 1996).

Yet, these findings also provide some room for optimism, and they speak to broader themes in the literature on governance quality and corruption more generally. By delivering quality governance—for instance, by combatting corruption—political authorities in democracies can effectively offset the negative influence of perceived distributive unfairness on satisfaction with

democracy, even in a context of high inequality. One way to effectively combat corruption is to enhance political accountability. A study of local governments in Brazil, for instance, found significantly less corruption in municipalities where mayors were eligible for reelection (Ferraz and Finan 2011).

Prior research has also suggested that incorporating more women into governmental office could prove a successful anti-corruption reform. There is a robust and negative correlation between the presence of women in government and corruption (Esarey and Chirillo 2013; Dollar, Fisman, and Gatti 2001), particularly in legislative institutions (Stensöta, Wängnerud, and Svensson 2015) and in democracies with high electoral accountability (Esarey and Schwindt-Bayer 2018). Moreover, women's descriptive representation (Watson and Moreland 2014), as well as formal representation in the form of gender quotas (Schwindt-Bayer 2010), is associated with reduced suspicions of corruption among citizens. These findings are bolstered by more recent research showing women to be less corrupt than men (Bauhr, Charron, and Wängnerud 2018), as well as evidence from survey experiments (Barnes et al. 2018) showing that citizens believe increasing women's presence in government is successful for reducing corruption. Beyond bolstering satisfaction with democracy, low levels of corruption signal to citizens that government is not dominated by elites, that the democratic process is functioning properly, and that policies are being made and administered via fair, impartial, and transparent procedures. In sum, democratic governments and political elites can foster accountability, transparency, and rule of law. When fair procedures for governing are in place, citizens may still perceive unfair distributive outcomes, but they are more likely to also believe that democracy is the most legitimate vehicle for addressing their country's most pressing concerns.

¹ In Latin America, perceptions of distributive unfairness are similar across wealth quintiles (Latinobarometer 2011-2015), and neither wealth quintile nor class self-placement are significant predictors of perceived unfairness.

² <https://tinyurl.com/yxh75cn9>

³ Given that there is not consensus in the literature about whether or not to include a random slope in models with cross-level interactions (e.g., Snijders and Bosker 2012), I show in the Appendix Table A3 that my results do not hinge on this modeling choice.

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Appendix

Table A1. Perceived Unfairness and Satisfaction, Alternative Governance Measures

	Rule of Law	Voice & Accountability	Government Effectiveness	BCI
Perceived Unfairness	-.48*** (.04)	-.60*** (.03)	-.54*** (.04)	.05 (.16)
Governance Quality	-.15 (.15)	-.15 (.20)	-.19 (.18)	.00 (.01)
Perceived Unfair X Governance	.19*** (.05)	.23*** (.06)	.19*** (.06)	-.01*** (.00)
<i>Individual Level</i>				
Economic Perception (Worse)	-.42*** (.01)	-.42*** (.01)	-.42*** (.01)	-.42*** (.01)
Education	-.01*** (.00)	-.01*** (.00)	-.01*** (.00)	-.01*** (.00)
Incumbent Approval	.80*** (.02)	.80*** (.02)	.80*** (.02)	.80*** (.02)
Subjective Social Class	.07*** (.01)	.07*** (.01)	.07*** (.01)	.07*** (.01)
Political Ideology 0-10=Right	.00 (.00)	.00 (.00)	.00 (.00)	.00 (.00)
Rural	.04* (.03)	.04* (.03)	.04* (.03)	.04* (.03)
Wealth Quintile	.01 (.01)	.01 (.01)	.01 (.01)	.01 (.01)
Female	-.03 (.02)	-.03 (.02)	-.03 (.02)	-.03 (.02)
<i>Country-Year Level</i>				
Income Inequality (Gini)	-.12*** (.02)	-.11*** (.02)	-.12*** (.02)	-.10*** (.02)
Government Economic Engagement	.04 (.10)	.04 (.10)	.08 (.10)	-.02 (.10)
Number of Individuals	40620	40620	40620	40620
Number of Country-Years	54	54	54	54
<i>Wald Chr²</i>	4196.33	4179.21	4144.51	4194.31

* p<.10, ** p<.05, *** p<.01 (standard errors), multilevel ordered logit coefficients. Estimated in Stata 15. Recall that the WGI measures are scaled such that higher values indicate good governance, whereas the Bayesian Corruption Index is scaled such that higher values indicate worse governance. Since care must be exercised with interpreting interaction coefficients or their constituent parts, I follow the advice of Brambor et al. (2006) and graph the marginal effect of an increase in perceived unfairness on the probability of observing the “very dissatisfied” outcome option, across the range of governance quality values, in Appendix Figure A2. The finding from the main analysis that good governance mitigates the relationship between perceived distributive unfairness is robust to all four of these alternative governance quality measures.

Table A2. Perceived Unfairness and Satisfaction, Additional Robustness Checks

	(1)	(2)	(3)	(4)	(5)
Perceived Unfairness	-.52***	-.52***	-.52***	-.52***	-.54***
	(.04)	(.04)	(.04)	(.04)	(.03)
Governance Quality	-.10	-.09	-.06	-.16	.06
	(.15)	(.18)	(.15)	(.18)	(.16)
Perceived Unfair X Governance	.17***	.17***	.17***	.17***	.11***
	(.05)	(.05)	(.05)	(.05)	(.04)
<i>Individual Level</i>					
Economic Perception (Worse)	-.42***	-.42***	-.42***	-.42***	-.41***
	(.01)	(.01)	(.01)	(.01)	(.01)
Education	-.01***	-.01***	-.01***	-.01***	-.01***
	(.00)	(.00)	(.00)	(.00)	(.00)
Incumbent Approval	.80***	.80***	.80***	.80***	.77***
	(.02)	(.02)	(.02)	(.02)	(.02)
Subjective Social Class	.07***	.07***	.07***	.07***	.08***
	(.01)	(.01)	(.01)	(.01)	(.01)
Political Ideology 0-10=Right	.00	.00	.00	.00	.02***
	(.00)	(.00)	(.00)	(.00)	(.00)
Rural	.04*	.04*	.04*	.04*	.03
	(.03)	(.03)	(.03)	(.03)	(.03)
Wealth Quintile	.01	.01	.01	.01	.02**
	(.01)	(.01)	(.01)	(.01)	(.01)
Female	-.03	-.03	-.03	-.03	-.01
	(.02)	(.02)	(.02)	(.02)	(.02)
<i>Country-Year Level</i>					
Income Inequality (Gini)	-.11***	-.11***	-.11***	-.11***	-.12***
	(.02)	(.02)	(.02)	(.02)	(.03)
Government Economic Engagement	.03	.03	-.02	.02	.03
	(.10)	(.11)	(.10)	(.10)	(.14)
% Women in Leg.	-.00				
	(.01)				
GNI per capita		-.08			
		(1.27)			
GDP Change			.05**		
			(.02)		
FH Political Rights (Inverse)				.06	
				(.09)	
Number of Individuals	40620	40620	40620	40620	33416
Number of Country-Years	54	54	54	54	44
<i>Wald Chi²</i>	4170.00	4169.94	4178.57	4170.54	3565.20

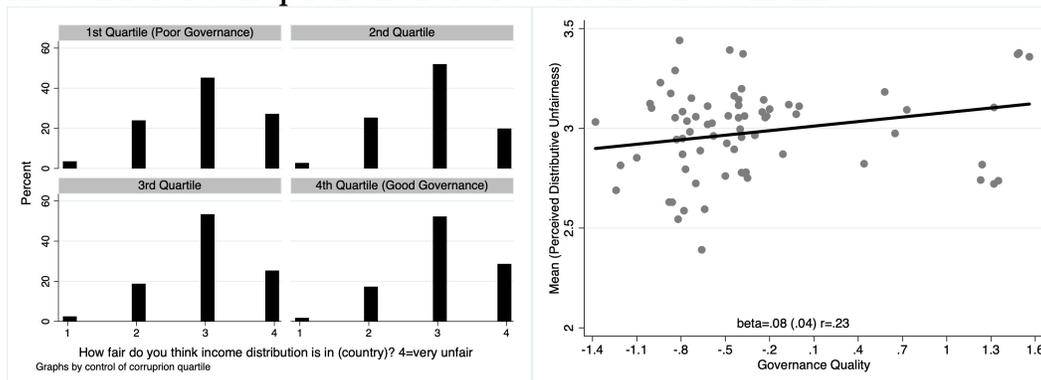
* p<.10, ** p<.05, *** p<.01 (standard errors), multilevel ordered logit coefficients. In model 5, I exclude non-democracies, as defined by having a Freedom House political rights score of 4 or greater. This means that all of Honduras, Venezuela, and Nicaragua's surveys are excluded, as well as Guatemala in the 2011 wave. Marginal effects from each model are plotted in Figure A3.

Table A3. Perceived Unfairness and Satisfaction, Alternative Model Specifications

	Random Intercept		Three Level Model	
	Model 1	Model 2	Model 3	Model 4
Perceived Unfairness	-.60*** (.01)	-.52*** (.02)	-.60*** (.01)	-.52*** (.02)
Governance Quality	.37*** (.11)	-.29** (.12)	.37*** (.11)	-.29** (.12)
Perceived Unfair X Governance		.22*** (.02)		.22*** (.02)
<i>Individual Level</i>				
Economic Perception (Worse)	-.43*** (.01)	-.42*** (.01)	-.43*** (.01)	-.42*** (.01)
Education	-.01*** (.00)	-.01*** (.00)	-.01*** (.00)	-.01*** (.00)
Incumbent Approval	.82*** (.02)	.82*** (.02)	.82*** (.02)	.82*** (.02)
Subjective Social Class	.07*** (.01)	.07*** (.01)	.07*** (.01)	.07*** (.01)
Political Ideology 0-10=Right	-.01** (.00)	-.00 (.00)	-.01** (.00)	-.00 (.00)
Rural	.04 (.03)	.04* (.03)	.04 (.03)	.04* (.03)
Wealth Quintile	.01 (.01)	.01 (.01)	.01 (.01)	.01 (.01)
Female	-.03 (.02)	-.03 (.02)	-.03 (.02)	-.03 (.02)
<i>Country-Year Level</i>				
Income Inequality (Gini)	-.09*** (.02)	-.09*** (.02)	-.09*** (.02)	-.09*** (.02)
Government Economic Engagement	.08 (.09)	.10 (.10)	.08 (.09)	.10 (.10)
Number of Individuals	40620	40620	40620	40620
Number of Country-Years	54	54	54	54
<i>Wald Chi²</i>	7458.97	7582.89	7458.97	7582.90

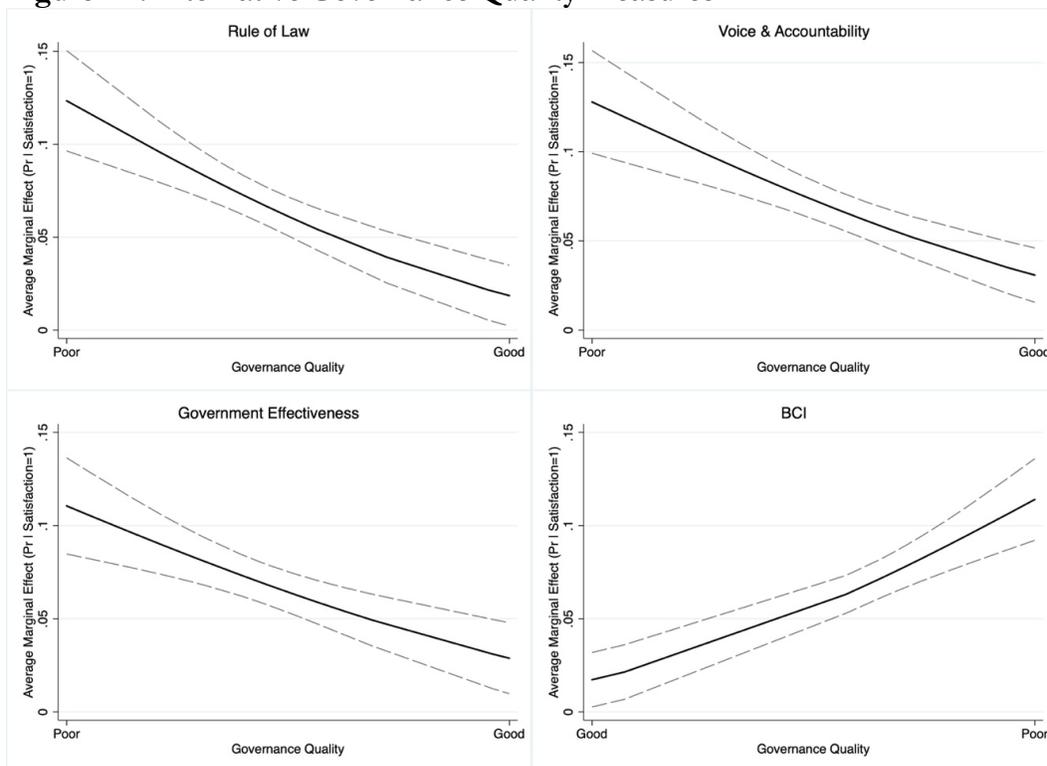
* p<.10, ** p<.05, *** p<.01 (standard errors), multilevel ordered logit coefficients. Estimated in Stata 15. Marginal effects plots based on models 2 and 4, not shown here in the interest of space, look identical to those presented in the main analysis.

Figure A1. Control of Corruption and Perceived Distributive Unfairness



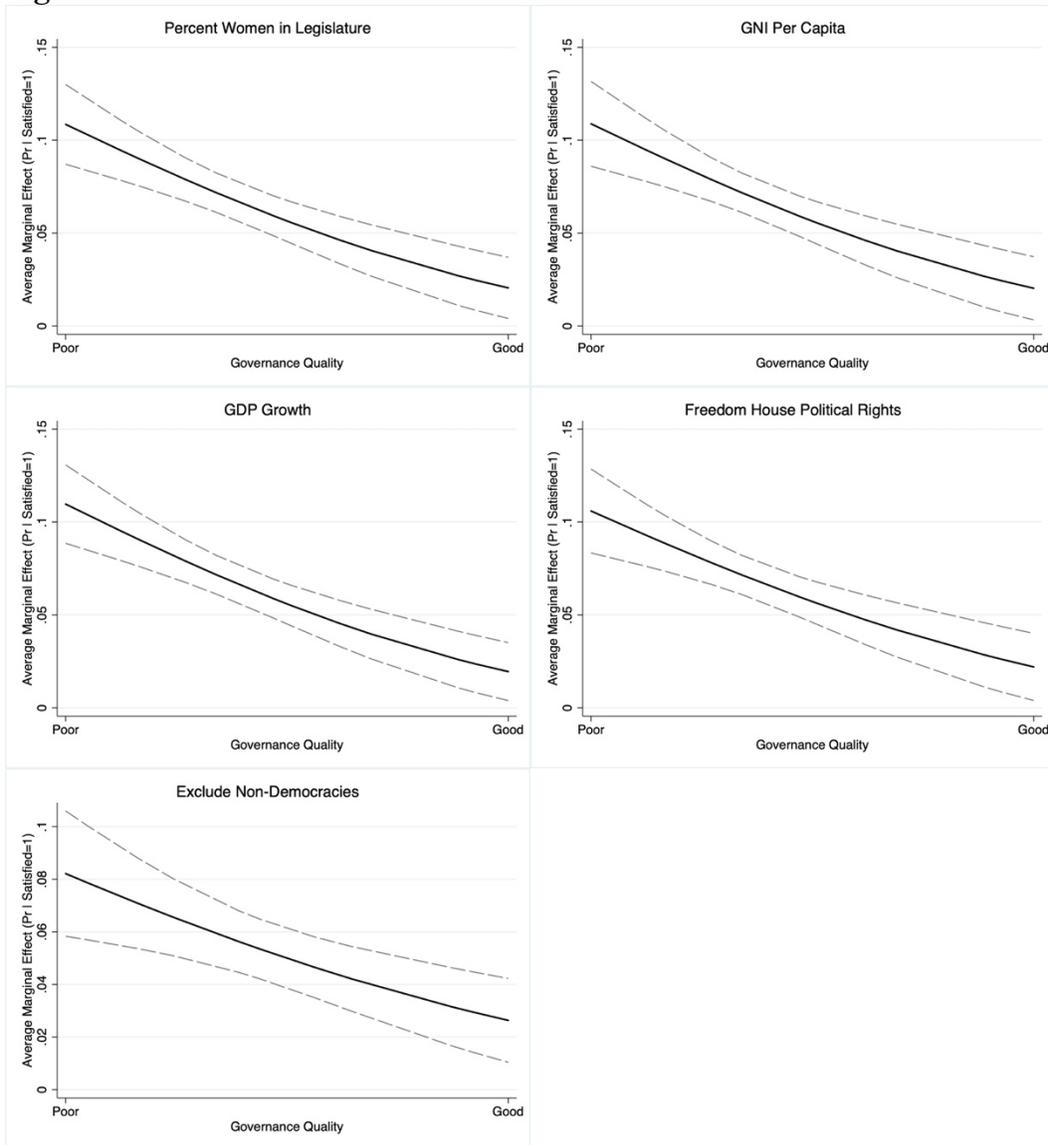
Note: The left panel shows that perceptions of distributive unfairness are distributed similarly across the four quartiles of *control of corruption* values. The right panel plots the correlation between *control of corruption* and perceived unfairness at the aggregate level (scatter plot) and the corresponding regression line (slope is *not* significant at conventional levels, $p=.09$).

Figure A2. Alternative Governance Quality Measures



Note: Marginal effect of an increase in perceived distributive unfairness on the probability of observing the “very dissatisfied” response outcome (coded 1). Consistent with *Hypothesis 2* and the results in the main analysis, the relationship between perceived distributive unfairness and dissatisfaction is weakest in a context of good governance, and strongest in a context of poor governance. Calculated using the respective models in Appendix Table A1.

Figure A3. Additional Robustness Checks



Note: Marginal effect of an increase in perceived distributive unfairness on the probability of observing the “very dissatisfied” response outcome. Calculated using the models in Appendix Table A2 (“Additional Robustness Checks”). Figures here show that the main findings are robust to a number of country-level controls, as well as excluding non-democracies from the analyses.