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Joblessness and Perceptions about the Effectiveness of Democracy

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ABSTRACT

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Using micro data on more than 130,000 individuals from 69 countries, we analyze the extent to which joblessness of the individuals and the prevailing unemployment rate in the country impact perceptions of the effectiveness of democracy. We find that personal joblessness experience translates into negative opinions about the effectiveness of democracy and it increases the desire for a rouge leader. Evidence from people who live in European countries suggests that being jobless for more than a year is the source of discontent. We also find that well-educated and wealthier individuals are less likely to indicate that democracies are ineffective, regardless of joblessness. People's beliefs about the effectiveness of democracy as system of governance are also shaped by the unemployment rate in countries with low levels of democracy. The results suggest that periods of high unemployment and joblessness could hinder the development of democracy or threaten its existence.

JEL Classification: J2, O1, P1

Keywords: unemployment duration, democracy, education, development,
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I. Introduction

        Economists are increasingly interested in the impact of institutions on economic development. Rigobon and Rodrik (2005), Dollar and Kraay (2003) and Acemoglu and Robinson (2000) argue that high quality institutions in a country, represented by a number of dimensions such as the protection of property rights and a functioning democracy, foster economic development because they promote investment in human capital and physical capital. Countries that are governed by high quality institutions experience higher capital accumulation, productivity, and output per worker (Hall and Jones 1999). Rodrik (1999) shows that the extent of democracy in a country has a positive impact on wages received by manufacturing workers. Barro (1996) argues that a more democratic regime stimulates economic growth when the level of political freedom is low.[1]

        The potential impact of economic development on the extent of democracy is an equally important research question, and whether an increase in income of a country causes its democracy to improve has been a subject of recent debate. As widely quoted in this literature, a common perspective, articulated by Lipset (1959) is that "From Aristotle down to the present, men have argued that only in a wealthy society in which relatively few citizens lived in real poverty could a situation exist in which the mass of the population could intelligently participate in politics an could develop the self-restraint necessary to

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[1] In the same paper Barro identifies a nonlinear impact of democracy; i.e. democracy hinders growth when a moderate level of democracy has already been attained. He argues that this could because democracy may encourage redistribution of income from the rich to the poor and may enhance the power of interest groups. It has also been suggested that institutions have no direct impact on economic growth. Rather, human capital is the main driver of economic growth and good economic policies, sometimes implemented by dictators, can generate high economic growth.

avoid succumbing to the appeals of irresponsible demagogues." Barro (1999) finds that the propensity for democracy rises with per capita GDP. Minier (2001) shows that an increase in per capita GDP is associated with an enhanced demand for democracy, approximated by pro-democracy public demonstrations. Papaioannou and Siourounis (2008) report that economic development is a key factor determining the intensity of democratic reforms in a country. On the other hand, Acemoglu et al. (2008) find no significant impact of GDP growth on democratization.

This paper aims to contribute to the literature on the determinants of democracy. However, it differs from the previous work in an important way. It employs individual-level, rather than country-level data. The paper investigates the extent to which an individual's own joblessness and the unemployment rate of his/her country make him/her more likely to reveal a distaste towards the effectiveness of democracy. Acemoglu and Robinson (2001) argue that regime changes are more likely during recessionary periods; and Haggard and Kaufman (1995) point out that many Latin American transitions to democracy coincided with economic crises. The implication is that short-term economic downturns may prompt reactions towards the existing regime. While it is sensible to think that undesirable economic conditions would trigger enhanced opposition movements against existing undemocratic regimes, it is equally reasonable to argue that tough economic conditions in a democratic regime could prompt negative feelings towards democracy. For example, Gasiorowski (1995) and Prezworski et al. (1996) demonstrate that recessions significantly increase the probability of a coup. Because of the free-rider problem, a change in perceptions about the effectiveness of democracy among the residents of a country does not necessarily imply involvement in direct actions against democracy, such as participation

in a revolt (MacCulloch 2005). Nevertheless, it is important to understand how perceptions

about democracy are impacted by personal economic conditions as these perceptions may

translate into political actions against democracy in subtle ways such as voting for a political

party which has an explicit or implicit anti-democratic platform.

We use micro data on 131,615 individuals from 69 countries to investigate the extent

to which personal joblessness of individuals and the unemployment rate in their country

impact their perceptions of operational efficiency of democracy.   We find that

observationally identical individuals have weaker beliefs about democratic efficiency if they

are jobless and if duration of joblessness is longer than one year. The same is true if the

unemployment rate of the country goes up and if these individuals live in countries with low

levels of democracy. These results underline the importance of labor market policies in

developing countries with struggling democracies. We also find that higher household

income and personal education promote stronger perceptions about the effectiveness of

democracy. Section II describes the empirical specification and the data. Section III

presents the results and Section IV is the conclusion.

II. Empirical Specification

The basic model can be specified as follows:

(1) $D_{ict}{}^* = \alpha_{ict} + \beta \, Jobless_{ict} + \gamma UR_{ct} + X_{ict}\boldsymbol{\Omega}' + Y_{ct}\boldsymbol{\Psi}' + \tau_t + \varepsilon_{ict}$,

where $D_{ict}{}^*$ measures individual i's propensity for unhappiness with democratic

efficiency who lives in country c, who was surveyed in year t. Although an individual's

propensity for negative feelings towards democracy is unobservable, an indicator variable

D_{ict} is observed to be equal to 1 when $D_{ict}^* > 0$ so that

$(D_{ict}=1) = \text{Prob}(\alpha_{ict} + \beta \text{ Jobless}_{ic} + \gamma UR_{ct} + X_{ict}\Omega' + Y_{ct}\Psi' + \tau_t + \varepsilon_{ict} > 0)$. If the error term ε_{ict} in

Equation (1) is normally distributed, then the result is a standard single-equation probit

specification.

We employ three different variables to represent D_{ict} to capture the beliefs about the

effectiveness of democracy. The first measure is an indicator of the extent to which the

individual believes that the economic system runs badly in democracies. The second one

gauges general effectiveness of democracy as a political decision-making system. It

measures whether the individual believes that democracies are indecisive and have too much

quibbling. The third one measures the preference of the individual towards a leader who

does not bother with key aspects of a democracy such as the parliament and elections. The

details of these variables are described in the data section below.

The specification depicted by Equation (1) is similar in spirit to a line of research

conducted by political scientists and economists to explain the voting patterns and to

forecast election results. For example, Kramer (1971), Stigler (1973), Fair (1978) analyzed

the impact of economic conditions on the percentage of votes received by incumbent and

opposition parties in the U.S. Presidential or Congressional elections. Markus (1988) and

Nannestad and Paldam (1997) analyzed the propensity to vote for the incumbent as a

function of personal economic circumstances and aggregate macroeconomic conditions in

the U.S. and in Denmark, respectively. Garand and Ulrich (2009) investigate the impact of

macroeconomic conditions on individuals' subjective evaluations of the state of the

economy, and the resultant voting behavior.

The key explanatory variable *Jobless*$_{ict}$ is a dichotomous indicator that identifies if person *i* who lives in country *c* and surveyed in year *t* is unemployed. We also investigate the extent to which the aggregate unemployment rate in the country (*UR*) has an impact on people's attitudes towards the efficiency of democracy. The impact of the unemployment rate, holding constant one's own employment status, may work through at least two different channels. First, regardless of whether a person is employed or unemployed, an increase in the unemployment rate of the country may impact the individual's expected future utility. Specifically, an increase in overall joblessness in the economy may decrease the individual's subjective probability of future employment and therefore it would reduce his/her expected future utility. This could in turn influence his/her propensity for satisfaction with democracy as a system of governance. Second, an increase in the unemployment rate may have a direct impact on individuals' level of happiness if the utility function contains other-regarding preferences. For example, it has been shown that individual happiness declines as the unemployment rate goes up, conditional on personal employment. (Clark and Oswald 1994, Clark 2003, Winkelmann and Winkelmann 1998). Therefore, an increase in the unemployment rate may alter attitudes towards democracy through its direct impact on utility.

Differences across individuals with respect to their general attitudes towards democracy are represented by α_{ict} in Equation (1), where larger values indicate higher baseline propensity for dissatisfaction with democracy. Note that α has a subscript *c* indicating that the extent of unhappiness with democracy may vary between countries. This could be because of cultural, historical and institutional differences between countries. Also note that α has subscript *i,* indicating that predisposition to dissatisfaction with democracy

may vary between people who live in the same country. This could be because of differences in family background and personal characteristics.

It is possible that individuals who have negative attitudes towards democracy (those with large values of α) face difficulties in finding and retaining jobs.[2] If α is positively correlated with the propensity for joblessness, the failure to account for it would bias β upwards. To guard against this possibility, the model includes the vector X, containing personal attributes of the individual, such as age, gender, type of employment if the person is not jobless (such as having a part-time job, having a full time job, being a student, being a housewife and so on), marital status, the number of children, the level of education and income of the individual.   However, inclusion of personal characteristics may not fully control for the unobserved impact of the individual's general attitude towards democracy. Therefore, we add a control variable to the model that gauges the person's general attitude towards democracy as a measure of α. This variable is created by the reactions to the question "Democracy may have problems but it is better than any other form of government." Possible answers to this question are strongly agree, agree, disagree and strongly disagree.   The variable *Democracy is Not Better* takes the value of one if the respondent disagrees or strongly disagrees with the statement about the merit of democracy. We discuss potential empirical issues, and threats to identification in the results section. Specifically, we address potential reverse causality and a potential for a spurious relationship between joblessness and perceptions about democratic efficiency.

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[2] This is because the empirical analyses are conducted in a sample of countries, the majority of which is democratic, although the extent of democracy differs between the countries. Examples of undemocratic countries are Morocco, which is governed by a constitutional monarchy and Saudi Arabia, which is an Islamic monarchy.

In Equation (1) Y stands for a vector of country attributes such as the proportions of Muslims, Catholics and Protestants in the country, an indicator variable to specify if the country was ever colonized, and the Human Development Index of the United Nations Development Program (UNDP). This index includes such elements as life expectancy at birth, the adult literacy rate and GDP per capita. Other country variables include the magnitude of international trade (the share of exports plus imports in total GDP) as a measure of openness, military expenditures as a proportion of GDP, and the inflation rate in the country during the survey year.

III. Data

The primary data are obtained from the two waves of the World Values Survey (WVS). The WVS includes information on individual's beliefs, values and attitudes towards various issues ranging from politics to environmental protection to religion. The data set also includes information on personal characteristics of the respondents. Interviews have been carried out with nationally representative samples (at least 1,000 individuals from each country) of 69 countries (which make up about 85 percent of the world's population) on all six inhabited continents in five waves between 1981 and 2007. We merged the WVS data with various country attributes to obtain our final sample of 131,615 individuals from 67 countries.[3]

Descriptive statistics are provided in Table 1. The three dependent variables are *Democracy is Bad for the Economy*, *Democracies are Indecisive* and *Rogue Leader.* *Democracy is Bad for the Economy* takes the value of 1 if the respondent agrees or strongly

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[3] Data from 67 countries in the 3rd and the 4th waves covering years 1994 to 2004 are analyzed in this paper since the dependent variables are based on the questions that are asked only in these waves.

agrees with the statement that "In democracies, the economic system runs badly," and zero if the respondent disagrees or strongly disagrees. *Democracies are Indecisive* takes the value of 1 if the respondent agrees or strongly agrees with the statement that "Democracies are indecisive and have too much quibbling," and zero if he/she disagrees or strongly disagrees. *Rogue Leader* takes the value of 1 if the respondent indicated that "Having a strong leader who does not have to bother with parliament and elections" is very good or fairly good; and zero it the respondent replied that such a leader is bad or very bad.

Low Income is a dichotomous indicator that takes the value of 1 if the person's household   income belongs to the bottom third of the income distribution of his/her country. *Medium Income* is equal to 1 if the household income is in the middle-third of the income distribution of the country and zero otherwise. *High Income* identifies whether the personal household income belongs to the top third of the country's income distribution.

Low Education is a dummy variable which indicates that the person has completed at most elementary education, but has not completed a technical or vocational training. If the person has completed secondary school, which includes technical or vocational training or university-preparatory type education, *Middle Education* takes the value of 1, and it is zero otherwise.   The indicator variable *High Education* is equal to 1 if the individual has a university degree, has attended university, or has received a tertiary certificate.

Family characteristics of the individuals are captured by dummies for marital status and the number of children. Specifically, we categorized individuals into three groups according to their marital status: *Single*, *Married,* and *Divorced/Widowed*, where Divorced/Widowed includes those who are separated. Similarly, five mutually exclusive dummy variables identify the number of children of the person: *No Children*, *1 Child*, *2*

Children, *3 Children* and *4+ Children.* Personal employment indicators classify the respondent into various categories. If the person holds more than one job, he/she is classified based on the characteristics of the main job. The categories include being jobless (unemployed), working full-time, working part-time, being self-employed, having been retired, being a student, being housewife, or other employment.

Country-level variables include an indicator variable to represent if the country was ever colonized. Past colonization experience of the country may have an impact on the attitudes toward democracy. [4] Also included in the group of country attributes is the religious make-up of the country, measured by proportion of the population that is Muslim, proportion Catholic, proportion Protestant and the proportion that adheres to other religions. Religion is a major part of culture, and in countries with hierarchical religions such as Catholicism, Eastern Orthodoxy and Islam, it may be culturally more difficult to challenge the authority of office-holders in comparison to cultures with more individualistic or egalitarian religions such as Protestantism. Second, as argued by Treisman (2000), in religions such as Protestantism, which emerged as a reaction to a state-sponsored religion, there may be stronger emphasis on monitoring potential abuses of state officials. By contrast, in more traditional religions such as Islam or Catholicism, such a check-and-balance role may be absent.

Regressions also include the Human Development Index created by the United Nations Development Program (UNDP). The Human Development Index (HDI) is a composite index that measures the average achievements in a country in three basic dimensions of human development: a long and healthy life, as measured by life expectancy

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[4] Feyrer and Sacerdote (2009) show that the colonial origins of a country influence its economic development.

at birth; knowledge, as measured by the adult literacy rate and the combined gross enrolment ratio for primary, secondary and tertiary schools; and the standard of living, as measured by GDP per capita in purchasing power parity US dollars.

We control for the share of military expenditures in GDP to account for the differences in the government policies between more democratic and less democratic regimes. Specifically, if governments in countries with low levels of democracy require more suppressive mechanism to be able to keep competitors out of office, and such governments may spend a larger fraction of GDP on military. Further, leaders of such authoritarian regimes have greater incentives to avoid conflict with the military to keep the military as a political ally, in comparison to the leaders of democratic regimes. This is because, authoritarian leaders may want the support of military in case of a revolt or they may want to use the military as domestic police in the country (Mulligan, Gil and Sala-i-Martin 2004).

The unemployment rate of the country is obtained mainly from the World Development Indicators of the World Bank. The other source of the unemployment rate is the International Labour Organization's KILM database. If the unemployment rate is not available for one country at a specific year through WDI, it is imputed by assigning either the most recent year's unemployment or the average of the closest years' unemployment rates for that country in WDI. If neither of the imputation methods work (such as in the cases when there was no recent years' unemployment rates for a country or no data was available in WDI), then the unemployment rate from KILM database is employed.

For each country we also have data on the level of democracy. This variable,

obtained from Polity IV[5], measures various aspects of democracy in the country including

competitiveness of political participation, competitiveness of executive recruitment,

constraints and limitations on chief executive's authority. The democracy index ranges from

-10 to 10, where a higher value represents a better-functioning democracy. [6] The means and

standard deviations of country characteristics are calculated by considering each country-

year as one observation.

III. Results

     Table 2 displays the marginal effect obtained from estimation of Equation (1) using

probit. Standard errors, that are corrected for arbitrary covariance structure and that are

adjusted for clustering within a country in a specific year, are reported in parentheses.

Regressions also include time dummies to control for the fact that different countries are

surveyed in different years, and continent fixed effects to control for unobservable

characteristics that may be common to the countries in the same broad geographic area.

     Column (1) reports the results of the model where the dependent variable is whether

the respondent believes that democracy is bad for the economy. The second column displays

the results of the models where the dependent variables are whether the respondent believes

that democracies are indecisive and have too much squabbling. The third column pertains

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[5] http://www.systemicpeace.org/polity/polity4.htm

[6] The data on democracy variable were not available for some countries for some years from the source. The democracy variable is completed by assigning the closest year's democracy index value in that country or that of the previous governing country. For example, the democracy scores of Belarus, Estonia, Latvia, Lithuania and Czechoslovakia in 1991 are assigned to Belarus, Estonia, Latvia, Lithuania and Czech Republic in 1990, respectively (and in 1991 for Czech Republic). Similarly, democracy index values for Russian Federation in 1992 and Slovakia in 1992 are assigned to the same countries in 1990 and 1991.

to the model where the dependent variable indicates if the respondent believes that a strong leader who does not bother with the parliament and elections is good for the country.

Column (1) of Table 2 demonstrates that being jobless is associated with about a 5 percentage point increase in the propensity to declare that democracy is bad for the economy. Similarly, columns 2 and 3 show that if the individual is jobless, his/her propensity to indicate that democracies are indecisive or that a rogue leader can better manage the country goes up by 3 to 5 percentage points. Holding constant personal employment, a one percentage point increase in the unemployment rate of the country increases the propensity to declare that democracy is bad for the economy by 0.4 percentage points and that a rogue leader is desirable by 0.6 percentage points. That is, the extent of joblessness in the economy has an additional impact on the negative attitudes towards democracy. As expected, those who agree with the statement that democracy is not better than any other form of government (*Democracy is Not Better=1)* tend to indicate that democracies are bad for the economy, that democracies are indecisive, and that a rouge leader can better manage the country.

Individuals who live in households where household income is in the middle of the income distribution of the country are 2 percentage points less likely to reveal negative feelings towards the efficiency of democracy in comparison to individuals who live in households where the household income belongs to the bottom one-third of the income distribution (the left-out category). Individuals who belong to the richest one-third of the households of a country (*High Income*=1) are 3 to 5 percentage points less likely to reveal negative feelings toward the efficiency of democracy or for the desire to have a rouge leader. Education of the individual has a significantly negative impact on the propensity to

have negative feelings toward democracy. Specifically, those who attended college or who have college degrees are about 12 percentage points less likely to indicate that democracies are bad for the economy in comparison to those who have an elementary school education or less. Those who have a secondary degree (*Middle Education=1*) are 5 percentage points less likely to give positive responses to the same question in comparison to those who are not educated. The same is true regarding preferences about other questions as revealed by columns 2 and 3. Thus, regardless of their joblessness situation, individuals' beliefs about the efficiency of democracy goes down the poorer they are and the less educated they are.

All else the same, retired people display stronger negative feelings towards democracy. While the unemployment rate of the country has an impact as discussed above, other economic indicators of the country, such as the extent of openness to international trade and the inflation rate, do not impact individuals' beliefs about democratic efficiency. The same is true for the Human Development Index. The impacts of ever having been colonized and that of military spending are positive in column (1), although the coefficient is not significantly different in models displayed in columns 2 and 3. As will be discussed below, the impact of colonization on people's preferences for democracy will change direction if the models are estimated by the level of democracy of the country. As the proportion of people who are Protestant in the country goes up, the propensity for disapproval of the effectiveness of democracy goes down.

Political Misfits and Reverse Causality

Consistent with our expectations, β in Equation (1) is estimated to be positive, indicating that jobless individuals have less favorable perceptions of the effectiveness of

democracy in comparison to the perceptions of those who have jobs. The model controls for

individuals' general attitudes toward democracy, measured by the variable *Democracy is*

Not Better. However, it is still possible that the results are driven by those individuals

whose views about democracy are not in line with the majority view of the population and

that they are jobless because of this political conflict. That is, causality may run from the

opinions about the effectiveness of democracy to joblessness. A person who is a "political

misfit" in a society may find it difficult to find a job. To control for this effect, we classify

countries into two categories. The first group consists of countries with a high level of

functioning democracy and the second group contains countries where the level of

democracy is lower. Specifically, we divide countries into two groups depending on

whether the democracy index is less than seven, or greater than or equal to seven.[7] We

create a dichotomous indicator, *Dislikes Democracy in a Democratic Country*, which takes

the value of 1 if the person thinks that democracy is not the best form of government

(*Democracy is Not Better*=1) but who lives in a country with high-level of democracy.

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[7] The first groups (Democracy<7) consists of Albania, Algeria, Bangladesh, Armenia, Belarus, China, Croatia, Estonia, Iran, Jordan, Republic of Korea, Mexico, Morocco, Nigeria, Pakistan, Peru, Russian Federation, Singapore, Zimbabwe, Uganda, Egypt, Tanzania. The second group (Democracy>=7) includes Albania, Argentina, Australia, Austria, Belgium, Brazil, Bulgaria, Canada, Chile, Colombia, Czech Republic, Denmark, Dominican Republic, El Salvador, Finland, France, Germany, Greece, Hungary, Iceland, India, Indonesia, Ireland, Italy, Japan, Republic of Korea, Latvia, Luxembourg, Malta, Mexico, Republic of Moldova, Netherlands, New Zealand, Norway, Pakistan, Peru, Philippines, Poland, Portugal, Romania, Slovenia, South Africa, Spain, Sweden, Switzerland, Turkey, Ukraine, Great Britain, United States, Uruguay, Venezuela. The countries Albania, Republic of Korea, Mexico, Pakistan and Peru appear in both high democracy and low democracy samples. This is because the two waves of interviews were conducted in these countries in different years and the level of democracy has changed between the two survey years. For example, the democracy index was 5 in Albania in 1998 and it rose to 7 in 2002; it was 6 in 1996 in the Republic of Korea and rose to 8 in 2001. The index took a value of 4 in 1996 for Mexico, but it rose to 8 in 2000 in that country. Democracy index was 7 in Pakistan in 1997 and it went down to -6 in 2001; and it was 1 in 1996 in Peru and rose to 9 in 2001.

Similarly, the indicator variable *Likes Democracy in a Less Democratic Country* takes the value of 1 if the person lives in a country with low level of democracy, but thinks that democracy is the best form of government (*Democracy is Not Better*=0). The results obtained from the specification that includes these additional control variables are reported in Panel A of Table 3. In the interest if space only the coefficients and the corresponding standard errors of *Joblessness* the *Unemployment Rate* and the variables to indicate whether the person is a political misfit in his/her country are reported. This specification did not alter either the point estimates or their estimated standard errors. The panel B of Table 3 displays the results of the same specification with one difference. These results are obtained from the model which omits the country variables, but includes country fixed-effects instead. In this specification the coefficients of Jobless remain the same, but the impact of the country unemployment loses statistical significance and/or changes sign. We also estimated the models by excluding political misfits from the sample. That is, we analyzed the relationship between joblessness, unemployment rate and preferences for democracy in sample of individuals whose general feelings towards democracy are aligned with the society they live in. The results remained the same.

It is plausible that the impact of joblessness on the beliefs about the effectiveness of democracy is different in countries with low levels of democracy in comparison to countries with a high level of democracy. Therefore, we estimated the model separately for countries with low levels of democracy (Democracy<7) and for countries that have a high level of democracy (Democracy ≥7). The results are presented in Tables 4A and 4B. The

specifications also include the indicator variable to identify if the respondent is a political

misfit in his/her country.[8]

There are commonalities in the results that are obtained from countries with low and

high-levels of democracy. For example, in both groups of countries joblessness of an

individual has a negative influence on the feelings towards democratic efficiency. The

impact is similar between the two group of countries. Although the marginal effect of

joblessness is slightly larger in countries with high levels of democracy, so are the baselines

in these countries.[9] Being divorced, separated from the spouse or being a widow is also

correlated with having negative feelings toward democracy; and the same is true of being

retired.

There are also interesting contrasts between the results obtained from the two groups

of countries. The unemployment rate has a strong impact on the feelings toward democracy

for people in countries where the level of democracy is low (Table 4A), while the

unemployment rate has no impact on people's feelings towards the effectiveness of

democracy in countries where the level of democracy is high (Table 4B). The former group

consists of mostly, but not exclusively, of developing countries (see footnote 7), where the

societies are collectivist, rather than individualistic (Mocan 2008). Thus, an increase in the

unemployment rate may have a direct impact on the utility of the individual based on other-

regarding preferences. It could also be the case that an increase in the unemployment rate

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[8] The results did not change appreciably when we classified the countries based on the democracy
cutoffs at 6 or 8).

[9] In countries with low levels of democracy, the proportion of people who indicated that
democracy is bad for the economy is 0.33, while it is 0.35 in the countries with high levels of
democracy. The proportion of people who indicated that democracies are indecisive is 0.47 in the
former group and it is 0.54 in the latter. Finally the proportion who prefers a rogue leader is 0.33 in
the former group and 0.37 in the latter.

triggers a higher level of anxiety in these countries because an increase in the unemployment rate may be associated with a larger degree of uncertainty about the future of the labor market in these countries.

In the group of countries where democracy is higher, having ever been a colony has no impact on the extent of people's feelings towards democracy. On the other hand, among the group of countries with low levels of democracy, having been colonized in the past decreases the propensity to indicate that democracies are bad for the economy. In countries with low levels of democracy, the propensity to respond in the affirmative that democracies are bad for the economy, democracies are indecisive, and a rouge leader is good for the country is lower if the individual's household income belongs to the top one-third of the country's income distribution and if the individual has attended or completed college. In comparison, in the sample of people who live in countries with high levels of democracy, a switch in household income from the lowest third of the distribution to the middle income group is associated with a reduction in negative feelings towards the effectiveness of democracy. The same is effect is achieved with an increase in personal education from the lowest echelon (elementary education or less) to the secondary education level. This means that in countries with low levels of democracy, a change in feelings towards the effectiveness of democracy can only be achieved with a more substantial increase in personal education and household income in comparison to countries where high levels of democracy.

Potential for a Spurious Relationship

The specifications we estimated include a large number of country-level variables as well as a large number of personal attributes, including the individuals' general feelings towards democracy. To analyze the significance of a potential reverse causality, we also ran specifications that included a variable that gauges the extent of the mismatch between the individual's general feelings towards democracy and the level of democracy of the country as described above. In all specifications the impact of joblessness on the perceptions of the effectiveness of democracy remained robust. Nevertheless, we cannot rule out the possibility that preferences for the effectiveness of democracy are indications of a general feeling towards the government or towards public policy. If that is the case, what we identify as the impact of joblessness on attitudes towards the effectiveness of democracy could be nothing but the relationship between joblessness and general unhappiness about the government or governance of the country. To investigate if this is the case, we estimate the same models by using three different dependent variables. These dependent variables aim to gauge the extent of confidence people reveal in the government and the level of satisfaction with the manner in which country's affairs are handled. The first variable is based on the question "Could you tell me how much confidence you have in the government?" Potential answers are: a great deal of confidence, quite a lot of confidence, not very much confidence or none at all. A dummy variable is created that takes the value of one if the individual indicated he/she did not have very much confidence or had no confidence in the government. The second question aims to measure the extent of dissatisfaction with the government, where people were asked: "How satisfied are you with the way the people now in national office are handling the country's affairs? Would you say

you are very satisfied, fairly satisfied, fairly dissatisfied or very dissatisfied?" We classified individuals as dissatisfied with the people in the national office if they indicated that they were fairly dissatisfied or very dissatisfied. The third variable is based on the question: "Generally speaking, would you say that this country is run by a few big interests looking out for themselves, or that it is run for the benefit of all the people?" A dichotomous variable, which takes the value of 1 is created if the respondent indicated that the country was run by a few big interests.

We ran probit models using these three indicators as dependent variables. We employed the same specifications as in Tables 2 and 3, using the same samples. That is, we included individuals that were part of the regressions in Tables 2 and 3 and who also answered the three questions above. [10] The results are displayed in Table 5. We ran two specifications for each question. Panel A displays the results which are based on the specification presented in Table 2, and Panel B displays the results which include the variable which measures if the person is political misfit in his/her country. The coefficient of Joblessness is not different from zero in any specification in Table 5. This indicates that the impact of being jobless on the beliefs about the effectiveness of democracy, displayed in Tables 2-4, is not likely to be an artifact of a general displeasure towards government, but rather, it is targeted towards democracy.

Duration of Joblessness

It is possible that the impact of joblessness on the perceptions about the effectiveness of democracy changes by the duration of joblessness. That is, individuals' attitudes may

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[10] Using all individuals who answered these two questions regardless of whether they answered the questions about democratic efficiency (which generated a 10% increase in sample size) did not alter the results.

depend on how long they have been without a job. To investigate if this is the case, we

replace the variable *Jobless* with three mutually exclusive dummy variables: *Jobless-Less*

than 6 months, Jobless 6 months to 1 year, and *Jobless: More than 1 year*. These variables

identify whether the person was unemployed for less than six months, six months to a year,

or more than one year, respectively. The information about the duration of joblessness was

based on the following question: "For how long are you unemployed?" The responded could

choose among six categories ranging from "less than half a year" to "more than two years".

This question was asked in 1999 in the overwhelming majority of cases, and it was asked

only in European countries. Therefore, the sample used in this analysis is smaller and is not

comparable to the sample used in previous analyses.[11] Nevertheless the results, displayed in

Table 6 are informative, and they indicate that in the sample of Europeans, the duration of

joblessness matters. More specifically, the perceptions about the effectiveness of

democracy and the desire for a rouge leader impact of joblessness is driven by long-term

unemployment.   Short-term unemployment (less than six months) may be voluntary or

frictional, which would not prompt negative feelings towards democracy. Table 6 shows

that those who are unemployed for less than six months do not have systematically different

perceptions about the effectiveness of democracy in comparison to those who have jobs.

The same is true for those who are unemployed for a period of six months to a year.

However, those who are unemployed for more than one year are significantly more likely to

indicate that democracy is bad for the economy, that democracies are indecisive and involve

too much quibbling, and that a rouge leader is preferable.   Thus, the results obtained from

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[11] The sample covers the following countries: Austria, Belarus, Belgium, Bulgaria, Croatia, Czech
Republic, Denmark, Estonia, Finland, France, Germany, Greece, Great Britain, Hungary, Ireland,
Italy, Latvia, Netherlands, Poland, Portugal, Romania, Russian Federation, Slovenia, Spain, and
Turkey.

the European sample indicate that long-term joblessness alters people's perceptions of democracy.

IV. Summary and conclusions

      This paper employs micro data on more than 130,000 people from 69 countries to investigate the relationship between personal joblessness of the individuals and their perceptions of the effectiveness of democracy. We control for a large set of personal characteristics, country attributes, as well as individuals' general feelings towards democracy. In non-experimental data sets, such as the one used in this paper, one can never be certain about the true cause-and-effect relationship between the variables. For example, reverse causality is possible; i.e., an individual's perceptions about the effectiveness of democracy may impact his/her employability. This could especially be the case if the person is a political misfit in his/her country. For example, a person may believe that democracy is not a desirable form of government. This person would be a political misfit if he/she lives in country that has a high level of democracy, and being a political misfit may prevent the person from finding or holding a job. To avoid a potential bias that may emerge through this channel, we adjust for the alignment of the person's general feelings towards democracy with the extent of the democracy in the country.

      We find that observationally identical individuals who live in the same country have different perceptions about the effectiveness of democracy if they differ in their joblessness experience. Specifically, being jobless increases people's propensity to declare that economic system runs badly in democracies, that democracies are indecisive and involve too much quibbling, and that a leader who does not bother with the parliament and elections

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is preferable.   This impact of joblessness exists both in countries with low levels of democracy and in countries with high levels of democracy.   Information available in a subsample of data (people who live in European countries) indicates that the source of discontent with democracy is joblessness that lasts longer than one year. An increase in the unemployment rate of the country evokes negative feelings about the performance of democracy for individuals who live in countries with low levels of democracy. We also find that well-educated and wealthier individuals are less likely to indicate that democracies are ineffective, regardless of joblessness.

When we employ alternative dependent variables such as whether the person has confidence in the government, whether the person is satisfied with the way people in the national office are handling the country's affairs, and whether the person believes that the country is run by a few big interests looking out for themselves, we find that joblessness has no impact on these opinions.   This suggests that the impact of joblessness on negative perceptions about the effectiveness of democracy is not a reflection of a general disapproval of the government.

Given the research that indicates a strong impact of democratization and institutional quality on economic development, it is important to identify the determinants of democratization. The results of this paper suggest that the beliefs about the effectiveness of democracy as system of governance are shaped by personal joblessness experience of the individuals. This in turn implies that periods of high unemployment and joblessness could hinder the development of democracy, or threaten its existence.

Table 1

Table 1
Summary Statistics and Descriptions

Variable	Description	Mean	Std. Dev.
Democracy is Bad for the Economy	=1 if the individual agrees or strongly agrees that in democracies the economic system runs badly and zero otherwise. (A)	0.340	0.474
Democracies are Indecisive	=1 if the individual agrees or strongly agrees that democracies are indecisive and have too much squabbling and zero otherwise. (A)	0.513	0.500
Rogue Leader	=1 if the individual believes that a strong leader who does not have to bother with parliament and elections is good or very good for governing the country. (A)	0.353	0.478
Jobless	=1 if the individual is unemployed. (A)	0.088	0.284
Unemployment Rate [a]	Unemployment Rate (F)	9.571	6.185
Democracy is Not Better	=1 if the individual disagrees or strongly disagrees to "Democracy may have problems but it's better than any other form of government" (A).	0.127	0.333
Dislikes Democracy in a Democratic Country	=1 if the individual disagrees or strongly disagrees to "Democracy may have problems but it's better than any other form of government" and lives in a democratic country (A).	0.080	0.271
Likes Democracy in a Less Democratic Country	=1 if the individual agrees or strongly agrees to "Democracy may have problems but it's better than any other form of government" and lives in a less democratic country (A).	0.242	0.428
Female	Dummy for females. (A)	0.505	0.500
Age	Age of the individual. Scaled by 0.1. (A)	4.071	1.602
Low Income	=1 if the individual's household income is less than the 33rd percentile of the income distribution in his/her country. (A)	0.335	0.472
Medium Income	=1 if the individual's household income is between 33rd and 67th percentiles of the income distribution in his/her country. (A)	0.359	0.480
High Income	=1 if the individual's household income is greater than 67th percentile of the income distribution in his/her country. (A)	0.306	0.461
Low Education	=1 if at most the individual either has inadequately or fully completed elementary education or has not adequately completed secondary school. (A)	0.356	0.479

Table 1 (continued)

Variable	Description	Mean	Std. Dev.
Middle Education	=1 if the individual has completed secondary school but not tertiary. (A)	0.429	0.495
High Education	=1 if the individual has completed tertiary education in full or in part. (A)	0.215	0.411
Single	=1 if the individual is single. (A)	0.254	0.435
Married	=1 if the individual is married or living together with a partner. (A)	0.627	0.484
Divorced/Widowed	=1 if the individual is separated divorced or widowed. (A)	0.119	0.324
Full-time	=1 if the individual is working full-time. (A)	0.371	0.483
Part-time	=1 if the individual is working part-time. (A)	0.075	0.263
Self-employed	=1 if the individual is self-employed. (A)	0.098	0.297
Retired	=1 if the individual is retired. (A)	0.136	0.343
Housewife	=1 if the individual is a housewife. (A)	0.137	0.344
Student	=1 if the individual is a student. (A)	0.077	0.266
Other Employed	=1 if employment status of the individual is something other than those listed. (A)	0.018	0.134
No Children	=1 if the individual has no children. (A)	0.289	0.453
1 Child	=1 if the individual has 1 child. (A)	0.163	0.370
2 Children	=1 if the individual has 2 children. (A)	0.266	0.442
3 Children	=1 if the individual has 3 children. (A)	0.139	0.346
4+ Children	=1 if the individual has 4 or more children. (A)	0.143	0.350
Democracy [a]	Extent of Democracy in a country obtained from the Combined Polity Score of POLITY IV. Ranges from -10 (Least democratic) to 10 (Most democratic). (I)	6.248	5.226
Country Ever Colonized [a]	=1 if the country where the individual lives has ever been colonized. (B)	0.385	0.478
HDI [a]	Human Development Index. A composite index that measures the average achievements in a country in three basic dimensions life expectancy at birth, the adult literacy rate and the combined gross enrolment ratio for primary, secondary and tertiary schools and real GDP per capita (E)	79.400	12.935
Openness to Trade [a]	Total trade (exports plus imports) as a percentage of GDP in 2000 prices. (G)	75.697	51.329
Military Expenditure [a]	Military expenditures as a % of GDP. (H)	2.223	1.549
Inflation Rate [a]	Inflation Rate calculated from GDP deflator.	0.245	0.959
% Muslim Population [a]	Percent of population who are Muslims. (D)	13.685	30.380

Table 1 (concluded)

Variable	Description	Mean	Std. Dev.
% Catholic Population [a]	Percent of population who are Catholics. (D)	37.047	39.246
% Protestant Population [a]	Percent of population who are Protestants. (D)	13.906	24.968
% Other Religion Population [a] [a]	Percent of population who are of other denominations. (D)	35.362	34.915
Europe [a]	=1 if the country is located in Europe.	0.529	0.502
Africa [a]	=1 if the country located in Africa.	0.087	0.283
Asia [a]	=1 if the country is located in Asia.	0.183	0.388
South America [a]	=1 if the country is located in South America.	0.135	0.343
Oceania [a]	=1 if the country is located in Oceania.	0.019	0.138
North America [a]	=1 if the country is located in North America.	0.048	0.215

Numbers of non-missing observations for "Democracy is Bad for the Economy", "Democracies are Indecisive" and "A strong Leader can better manage the country" are 118,365, 120,739 and 131,615, respectively. For the rest of the variables, the number of non-missing observations range from 115,159 and 131,540 (except for controls misfit and preferences about democracy for which the numbers of non-missing observations is around 110,000).

Sources of the variables used are presented below.

(A) World Values Survey. The original sources of the variables used are indicated in parenthesis after the dash.

(B) Hadenius, A. and Teorell, J. 2005. "Assessing Alternative Indices of Democracy", C&M Working Papers 6, IPSA, August 2005.

(C) Vanhanen, T. 2003b. *Democratization and Power Resources 1850-2000* [computer file]. FSD1216, version 1.0 (2003-03-10). Tampere : Finnish Social Science Data Archive [distributor].

(D) La Porta, R., López-de-Silanes, F., Shleifer, A.. and Vishny, R. 1999. The Quality of Government. *Journal of Law, Economics and Organization*, 15(1): 222-279.

(E) United Nations Development Program (UNDP). http://hdr.undp.org/en/statistics/data/

(F) World Bank's World Development Indicators, International Labour Organization's KILM database. If the unemployment rate was not available for one country at a specific year, it is imputed by using either the most recent year's unemployment rate or the average of the closest year's unemployment rate. If neither of the imputations work, then the unemployment rate from KILM database is employed.

(G) Penn World tables 6.2

(H) World Bank's World Development Indicators

(I) POLITY IV. http://www.systemicpeace.org/polity/polity4.htm. The data on democracy variable were not available for some countries for some years from the source. The democracy variable is completed by assigning the closest year's democracy index value in that country or that of the previous governing country. See footnote 6 in the text for details.

a: The descriptive statistics of the country level variables are calculated using each country-year as one observation.

Table 2
Influence of Joblessness on Perceptions about Performance of Democracy

	(1)	(2)	(3)
	Democracy is Bad for the Economy	Democracies are Indecisive	Rogue Leader
Jobless	0.049***	0.028***	0.054***
	(0.008)	(0.011)	(0.011)
Unemployment Rate	0.004**	0.002	0.006***
	(0.002)	(0.002)	(0.002)
Democracy is Not Better	0.224***	0.160***	0.178***
	(0.036)	(0.030)	(0.018)
Female	0.024***	0.002	-0.015***
	(0.004)	(0.006)	(0.005)
Age	-0.006**	-0.000	-0.006**
	(0.003)	(0.003)	(0.003)
Medium Income	-0.020***	-0.020***	-0.018***
	(0.007)	(0.007)	(0.006)
High Income	-0.050***	-0.037***	-0.030***
	(0.010)	(0.012)	(0.010)
Middle Education	-0.052***	-0.039***	-0.035***
	(0.011)	(0.012)	(0.010)
High Education	-0.124***	-0.108***	-0.086***
	(0.014)	(0.015)	(0.015)
Married	0.008	0.016*	0.013
	(0.008)	(0.009)	(0.009)
Divorced/Widowed	0.026**	0.039***	0.028**
	(0.011)	(0.010)	(0.011)
Part-time	0.014	0.007	0.014
	(0.009)	(0.009)	(0.010)
Self-employed	-0.003	0.009	0.008
	(0.010)	(0.011)	(0.011)
Retired	0.048***	0.053***	0.043***
	(0.008)	(0.009)	(0.009)
Housewife	-0.014	-0.023**	0.029**
	(0.010)	(0.012)	(0.014)
Student	-0.006	0.001	0.005
	(0.010)	(0.013)	(0.010)
Other Employed	-0.010	-0.018	0.003
	(0.018)	(0.019)	(0.020)

Table 2 (concluded)

	(1)	(2)	(3)
	Democracy is Bad for the Economy	Democracies are Indecisive	Rogue Leader
1 Child	0.007	-0.001	0.013
	(0.008)	(0.008)	(0.010)
2 Children	0.014*	0.005	0.009
	(0.008)	(0.009)	(0.010)
3 Children	0.008	0.002	0.005
	(0.010)	(0.011)	(0.011)
4+ Children	0.003	-0.020	0.025*
	(0.012)	(0.013)	(0.014)
HDI	-0.001	0.002	-0.002
	(0.001)	(0.002)	(0.002)
Openness to Trade	-0.000	-0.000	0.000
	(0.000)	(0.000)	(0.000)
Military Expenditure	0.017**	0.005	-0.004
	(0.008)	(0.011)	(0.010)
Inflation Rate	0.013	0.002	0.018
	(0.014)	(0.014)	(0.012)
Country Ever Colonized	0.169***	0.088	0.093
	(0.058)	(0.065)	(0.076)
% Muslim	-0.002***	-0.001	-0.001
	(0.000)	(0.001)	(0.001)
% Catholic	-0.001	-0.000	-0.001**
	(0.001)	(0.001)	(0.001)
% Protestant	-0.002***	-0.002**	-0.003***
	(0.001)	(0.001)	(0.001)
Observations	118,365	120,739	131,615

Notes – The dependent variables, listed at the top of rows 1 to 3, take the value of 1 if the individual agrees or strongly agrees to the statements "Democracy is Bad for the Economy," "Democracies are Indecisive" and "A strong leader can better manage the country," respectively. The descriptions of the other variables are presented in Table 1. All regressions include year dummies as well as continent fixed effects. ***, ** and * indicate significance at the 1%, 5% and 10% levels, respectively. Standard errors are clustered at the country-year level.

Table 3
Influence of Joblessness on Perceptions about Performance of Democracy
Controlling for Political Misfit

Panel A: Models with Country Characteristics

	(1)	(2)	(3)
	Democracy is Bad for the Economy	Democracies are Indecisive	Rogue Leader
Jobless	0.045***	0.025**	0.049***
	(0.008)	(0.011)	(0.010)
Unemployment Rate	0.005***	0.002	0.007***
	(0.002)	(0.002)	(0.002)
Dislikes Democracy in a Democratic country	0.212***	0.128***	0.175***
	(0.027)	(0.026)	(0.016)
Likes Democracy in a Less Democratic country	-0.091***	-0.112***	-0.104***
	(0.031)	(0.031)	(0.031)
Observations	118,365	120,739	131,615

Panel B: Models with Country Fixed Effects

	(1)	(2)	(3)
	Democracy is Bad for the Economy	Democracies are Indecisive	Rogue Leader
Jobless	0.041***	0.025***	0.033***
	(0.007)	(0.008)	(0.007)
Unemployment Rate	-0.000	-0.005*	0.004
	(0.005)	(0.003)	(0.005)
Dislikes Democracy in a Democratic country	0.219***	0.140***	0.166***
	(0.028)	(0.025)	(0.014)
Likes Democracy in a Less Democratic country	-0.125**	-0.126**	-0.036
	(0.053)	(0.059)	(0.030)
Observations	118,365	120,739	131,615

Notes – The dependent variables, listed at the top of rows 1 to 3, take the value of 1 if the individual agrees or strongly agrees to the statements "Democracy is Bad for the Economy," "Democracies are Indecisive" and "A strong Leader can better manage the country," respectively. The descriptions of the other variables are presented in Table 1. All regressions include individual level variables, year dummies as well as continent fixed effects as in Table 2. The models in Panel A and B include country characteristics and country fixed effects, respectively. ***, ** and * indicate significance at the 1%, 5% and 10% levels, respectively. Standard errors are clustered at the country-year level.

Table 4A
Influence of Joblessness on Perceptions about Performance of Democracy
In Less Democratic Countries (Democracy<7)

	(1)	(2)	(3)
	Democracy is Bad for the Economy	Democracies are Indecisive	Rogue Leader
Jobless	0.040***	0.023*	0.004
	(0.010)	(0.013)	(0.013)
Unemployment Rate	0.007***	0.013***	0.019***
	(0.002)	(0.003)	(0.003)
Likes Democracy in a Less	-0.178**	-0.152*	-0.128***
Democratic country	(0.089)	(0.083)	(0.044)
Female	0.027***	0.006	-0.001
	(0.008)	(0.011)	(0.010)
Age	0.006	0.010*	0.004
	(0.005)	(0.005)	(0.004)
Medium Income	-0.022	-0.021*	-0.011
	(0.015)	(0.012)	(0.012)
High Income	-0.045**	-0.056***	-0.026
	(0.019)	(0.018)	(0.016)
Middle Education	-0.016	0.002	0.005
	(0.015)	(0.018)	(0.018)
High Education	-0.070***	-0.043	-0.051*
	(0.022)	(0.028)	(0.027)
Married	0.018	-0.000	0.001
	(0.012)	(0.018)	(0.015)
Divorced/Widowed	0.061***	0.040*	0.011
	(0.017)	(0.022)	(0.016)
Part-time	0.031	0.006	0.011
	(0.021)	(0.021)	(0.024)
Self-employed	0.024	0.014	-0.001
	(0.017)	(0.016)	(0.014)
Retired	0.035**	0.040***	0.039*
	(0.014)	(0.015)	(0.021)
Housewife	0.006	-0.014	0.009
	(0.017)	(0.018)	(0.016)
Student	0.012	-0.012	0.033**
	(0.017)	(0.012)	(0.015)
Other Employed	0.010	-0.027	0.012
	(0.033)	(0.033)	(0.024)

	(1)	(2)	(3)
	Democracy is Bad for the Economy	Democracies are Indecisive	Rogue Leader
1 Child	-0.012	-0.013	-0.000
	(0.011)	(0.016)	(0.015)
2 Children	0.009	-0.001	0.016
	(0.014)	(0.013)	(0.015)
3 Children	0.021	0.015	0.014
	(0.016)	(0.018)	(0.022)
4+ Children	-0.017	-0.029**	0.020
	(0.015)	(0.013)	(0.025)
HDI	-0.004***	0.007	-0.001
	(0.002)	(0.004)	(0.003)
Openness to Trade	0.000	-0.000	-0.000
	(0.000)	(0.001)	(0.000)
Military Expenditure	0.031**	-0.057*	0.018
	(0.012)	(0.030)	(0.021)
Inflation Rate	0.014	0.120**	0.116
	(0.037)	(0.058)	(0.095)
Country Ever Colonized	-0.172***	-0.060	-0.107
	(0.033)	(0.078)	(0.084)
% Muslim	-0.000	0.002**	-0.002
	(0.001)	(0.001)	(0.001)
% Catholic	-0.003***	-0.001	-0.003
	(0.001)	(0.002)	(0.002)
% Protestant	-0.002***	-0.004***	-0.002*
	(0.001)	(0.001)	(0.001)
Observations	34,697	35,232	37,365

Notes – The dependent variables, listed at the top of rows 1 to 3, take the value of 1 if the individual agrees or strongly agrees to the statements "Democracy is Bad for the Economy," "Democracies are Indecisive" and "A strong Leader can better manage the country," respectively. The descriptions of the other variables are presented in Table 1 and in the text. The sample consists of individuals from countries with a democracy index less than 7. All regressions include year dummies as well as continent fixed effects. ***, ** and * indicate significance at the 1%, 5% and 10% levels, respectively. Standard errors are clustered at the country-year level.

Table 4B
Influence of Joblessness on Perceptions about Performance of Democracy
In Democratic Countries (Democracy>=7)

	(1)	(2)	(3)
	Democracy is Bad for the Economy	Democracies are Indecisive	Rogue Leader
Jobless	0.052***	0.034***	0.064***
	(0.010)	(0.011)	(0.011)
Unemployment Rate	0.001	-0.005	-0.002
	(0.004)	(0.004)	(0.003)
Dislikes Democracy in a	0.221***	0.133***	0.178***
Democratic country	(0.027)	(0.026)	(0.016)
Female	0.025***	-0.002	-0.017***
	(0.005)	(0.006)	(0.005)
Age	-0.009***	-0.004	-0.006*
	(0.003)	(0.003)	(0.003)
Medium Income	-0.019**	-0.017**	-0.018**
	(0.008)	(0.008)	(0.008)
High Income	-0.053***	-0.026**	-0.021*
	(0.010)	(0.013)	(0.011)
Middle Education	-0.066***	-0.053***	-0.049***
	(0.012)	(0.012)	(0.012)
High Education	-0.154***	-0.146***	-0.119***
	(0.015)	(0.014)	(0.014)
Married	-0.000	0.008	0.019*
	(0.011)	(0.008)	(0.010)
Divorced/Widowed	0.007	0.026***	0.047***
	(0.014)	(0.009)	(0.012)
Part-time	0.010	0.007	0.011
	(0.010)	(0.009)	(0.010)
Self-employed	0.002	0.003	-0.003
	(0.010)	(0.011)	(0.009)
Retired	0.053***	0.059***	0.046***
	(0.008)	(0.010)	(0.010)
Housewife	0.000	-0.004	0.036***
	(0.011)	(0.011)	(0.012)
Student	-0.016	-0.007	-0.020*
	(0.013)	(0.013)	(0.011)
Other Employed	-0.000	0.012	0.031*
	(0.019)	(0.016)	(0.018)

	(1)	(2)	(3)
	Democracy is Bad for the Economy	Democracies are Indecisive	Rogue Leader
1 Child	0.001	0.001	0.004
	(0.011)	(0.007)	(0.011)
2 Children	0.014	0.012	-0.009
	(0.010)	(0.008)	(0.009)
3 Children	0.005	0.004	-0.018*
	(0.012)	(0.010)	(0.010)
4+ Children	0.010	-0.010	-0.010
	(0.014)	(0.010)	(0.012)
HDI	-0.011***	-0.010***	-0.012***
	(0.003)	(0.003)	(0.004)
Openness to Trade	-0.000	-0.001	0.001
	(0.000)	(0.001)	(0.001)
Military Expenditure	0.024	0.004	0.023
	(0.020)	(0.022)	(0.020)
Inflation Rate	0.013	0.011	0.026**
	(0.014)	(0.013)	(0.011)
Country Ever Colonized	0.009	-0.106	-0.021
	(0.098)	(0.103)	(0.120)
% Muslim	-0.002***	-0.001	-0.000
	(0.001)	(0.001)	(0.001)
% Catholic	0.001	0.001*	0.000
	(0.001)	(0.001)	(0.001)
% Protestant	-0.000	0.001	-0.001
	(0.001)	(0.001)	(0.001)
Observations	80,954	82,727	91,341

Notes – The dependent variables, listed at the top of rows 1 to 3, take the value of 1 if the individual agrees or strongly agrees to the statements "Democracy is Bad for the Economy," "Democracies are Indecisive" and "A strong Leader can better manage the country," respectively. The descriptions of the other variables are presented in Table 1 and in the text. The sample consists of individuals from countries with a democracy index greater than or equal to 7. All regressions include year dummies as well as continent fixed effects. ***, ** and * indicate significance at the 1%, 5% and 10% levels, respectively. Standard errors are clustered at the country-year level.

Table 5
Influence of Joblessness on Satisfaction with and Confidence in the Government

Panel A

	(1)	(2)	(3)
	Dissatisfied with the people in national office	No Confidence in government	Country is run for the Interest of the few
Jobless	0.010	-0.014	-0.019
	(0.016)	(0.016)	(0.014)
Unemployment Rate	0.009***	0.003	0.006**
	(0.003)	(0.002)	(0.002)
Democracy is Not Better	0.084***	0.079***	0.045***
	(0.020)	(0.019)	(0.016)
Observations	96,710	95,215	92,590

Panel B

	(1)	(2)	(3)
	Dissatisfied with the people in national office	No Confidence in government	Country is run for the Interest of the few
Jobless	0.011	-0.015	-0.019
	(0.016)	(0.016)	(0.013)
Unemployment Rate	0.009***	0.003	0.006***
	(0.003)	(0.002)	(0.002)
Dislikes Democracy in a Democratic country	0.084***	0.087***	0.045***
	(0.015)	(0.019)	(0.017)
Likes Democracy in a Less Democratic country	0.044	0.001	0.045
	(0.047)	(0.033)	(0.038)
Observations	96,710	95,215	92,590

Notes – The dependent variables, listed at the top of rows 1 to 3, take the value of 1 if the individual indicates that he is fairly dissatisfied or very dissatisfied with the way the people now in national office are handling the country's affairs (column 1), if he/she does not have very much confidence or had no confidence in the government (column 2), and if he/she indicates that the country is run by a few big interests rather than the interests of all people (column 3). The descriptions of the other variables are presented in Table 1 and in the text. All regressions include individual level variables, year dummies as well as continent fixed effects as in Table 2. The models in Panel A and B include country characteristics and country fixed effects, respectively. ***, ** and * indicate significance at the 1%, 5% and 10% levels, respectively. Standard errors are clustered at the country-year level.

Table 6
Influence of Joblessness Duration on Perceptions about Performance of Democracy

	(1)	(2)	(3)
	Democracy is Bad for the Economy	Democracies are Indecisive	Rogue Leader
Jobless: Less than 6 months	0.075	0.101	0.090
	(0.058)	(0.062)	(0.069)
Jobless: 6 months to1 year	0.051	0.015	0.073
	(0.053)	(0.062)	(0.058)
Jobless: More than 1 year	0.203***	0.098*	0.221***
	(0.058)	(0.059)	(0.060)
Unemployment Rate	0.053*	0.041	0.011
	(0.026)	(0.025)	(0.024)
Dislikes Democracy in a Democratic country	0.650***	0.400***	0.513***
	(0.132)	(0.134)	(0.078)
Likes Democracy in a Less Democratic country	-0.753***	-0.935***	-0.503**
	(0.266)	(0.209)	(0.182)
Female	0.117***	0.013	-0.021
	(0.020)	(0.025)	(0.023)
Age	-0.008	0.014	0.006
	(0.012)	(0.011)	(0.012)
Medium Income	-0.035	-0.022	-0.057***
	(0.026)	(0.032)	(0.022)
High Income	-0.152***	-0.106***	-0.097***
	(0.035)	(0.035)	(0.031)
Middle Education	-0.243***	-0.187***	-0.167***
	(0.039)	(0.039)	(0.033)
High Education	-0.540***	-0.406***	-0.371***
	(0.049)	(0.044)	(0.049)
Married	-0.064	-0.031	0.016
	(0.041)	(0.038)	(0.036)
Divorced/Widowed	-0.029	0.029	0.093**
	(0.055)	(0.042)	(0.044)
Part-time	-0.032	0.049	-0.013
	(0.041)	(0.040)	(0.048)
Self-employed	-0.108**	-0.081*	-0.130**
	(0.045)	(0.042)	(0.052)
Retired	0.111***	0.155***	0.072*
	(0.031)	(0.035)	(0.039)
Housewife	-0.129**	-0.094*	0.084
	(0.051)	(0.048)	(0.064)

Table 6 (concluded)

	(1)	(2)	(3)
	Democracy is Bad for the Economy	Democracies are Indecisive	Rogue Leader
Student	-0.121**	-0.081*	-0.147***
	(0.046)	(0.046)	(0.041)
Other Employed	0.069	-0.026	0.054
	(0.078)	(0.088)	(0.071)
1 Child	0.065	0.065**	0.024
	(0.041)	(0.028)	(0.047)
2 Children	0.082**	0.050	-0.041
	(0.040)	(0.039)	(0.041)
3 Children	0.071	0.051	-0.025
	(0.046)	(0.049)	(0.053)
4+ Children	0.130***	-0.008	0.019
	(0.048)	(0.062)	(0.050)
HDI	-0.008	-0.007	-0.023
	(0.015)	(0.018)	(0.022)
Openness to Trade	0.000	0.001	0.002
	(0.002)	(0.001)	(0.002)
Military Expenditure	0.129*	0.077	-0.049
	(0.069)	(0.092)	(0.084)
Inflation Rate	0.677*	0.735*	0.305
	(0.347)	(0.430)	(0.295)
% Muslim	0.007	0.026	0.040*
	(0.023)	(0.034)	(0.022)
% Catholic	-0.000	0.003	-0.002
	(0.002)	(0.002)	(0.004)
% Protestant	-0.003	0.001	-0.004
	(0.003)	(0.003)	(0.004)
Observations	33,964	35,013	35,791

Notes – The dependent variables, listed at the top of rows 1 to 3 in each panel, take the value of 1 if the individual agrees or strongly agrees to the statements "Democracy is Bad for the Economy," "Democracies are Indecisive" and "A strong leader can better manage the country," respectively. The descriptions of the other variables are presented in Table 1. The sample used includes individuals from countries to which joblessness duration question is asked. The countries in the sample are Austria, Belarus, Belgium, Bulgaria, Croatia, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Luxembourg, Netherlands, Poland, Portugal, Romania, Russian Federation, Slovenia, Spain, Turkey, Ukraine and Great Britain. All regressions include year dummies. ***, ** and * indicate significance at the 1%, 5% and 10% levels, respectively. Standard errors are clustered at the country-year level.

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