



IDB WORKING PAPER SERIES No. IDB-WP-110

Political Institutions and Street Protests in Latin America

Fabiana Machado
Carlos Scartascini
Mariano Tommasi

November 2009

Inter-American Development Bank
Department of Research and Chief Economist

Political Institutions and Street Protests in Latin America

Fabiana Machado
Carlos Scartascini
Mariano Tommasi



Inter-American Development Bank

2009

Cataloging-in-Publication data provided by the
Inter-American Development Bank
Felipe Herrera Library

Machado, Fabiana.

Political institutions and street protests in Latin America / Fabiana Machado, Carlos Scartascini, Mariano Tommasi.

p. cm. (IDB working paper series ; 110)

Includes bibliographical references.

1. Latin America—Politics and government. 2. Politics, Practical—Latin America. 3. Demonstrations—Latin America. I. Scartascini, Carlos G., 1971- . II. Tommasi, Mariano, 1964- . III. Inter-American Development Bank. IV. Title. V. Series.

JL966 .M33 2009
320.98 M149—dc22

© Inter-American Development Bank, 2009
www.iadb.org

Documents published in the IDB working paper series are of the highest academic and editorial quality. All have been peer reviewed by recognized experts in their field and professionally edited. The information and opinions presented in these publications are entirely those of the author(s), and no endorsement by the Inter-American Development Bank, its Board of Executive Directors, or the countries they represent is expressed or implied.

This paper may be freely reproduced provided credit is given to the Inter-American Development Bank.

Abstract¹

This paper argues that where institutions are strong, actors are more likely to participate in the political process through institutionalized arenas, while where they are weak, protests and other unconventional means of participation become more appealing. This relationship is explored empirically by combining country-level measures of institutional strength with individual-level information on protest participation in 17 Latin American countries. Evidence is found that weaker political institutions are associated with a higher propensity to use alternative means for expressing preferences, that is, to protest. Also found are interesting interactions between country-level institutional strength and some individual-level determinants of participation in protests.

Keywords: Political institutions, Public policies, Institutional strength, Protests, Alternative Political Technologies, Political party representation, Ideology, Ideological extremism, Latin America

JEL Classification: D72, D74, D78, H89, K42

¹ Fabiana Machado and Carlos Scartascini are researchers at the Inter-American Development Bank. Mariano Tommasi is Professor of Economics at the Universidad de San Andrés. The authors thank the Latin American Public Opinion Project (LAPOP) and its major supporters (the United States Agency for International Development, the United Nations Development Program, the Inter-American Development Bank, and Vanderbilt University) for making the data available. The views and interpretations in this document are those of the authors and should not be attributed to the Inter-American Development Bank, or to any individual acting on its behalf.

Institutional systems differ significantly in their capacity to absorb and process conflict. In some countries, for example Argentina, almost every contentious issue finds thousands of people on the Plaza de Mayo, tractors blocking roads, and pickets cutting a bridge in Neuquén. Yet in other countries, say Costa Rica, almost all conflicts are disciplined by political parties and processed through the Congress, the Presidency, or the Courts.

Adam Przeworski

“Representative Institutions, Political Conflicts, and Public Policies”.
Mimeographed document, 2009 (p. 2)

1. Introduction

Most countries in Latin America democratized in the 1980s. After a few decades of uninterrupted democratic rule, many of them share an intermediate level of democratic maturity and of institutional development. Yet, the study of policymaking in contemporary Latin America reveals important variation across countries and over time in the strength, relevance, and characteristics of specific institutions such as the congress, the judiciary, or the political party system. Chile, for instance, is a country in which policies are debated extensively with rich input from think tanks affiliated with political parties. Policy bargaining in Chile takes place both within parties belonging to the government coalition and between these parties and those of the opposition in Congress. After agreements have been reached, policies are implemented by a technically competent bureaucracy and enforced by an independent judiciary.

Conditions could hardly be more different in Chile’s neighbor across the Andes. While Argentina shares many cultural and structural similarities with Chile, its political institutions such as Congress, the party system, the bureaucracy and the judiciary are fairly weak, even by regional standards. Argentine presidents frequently attempt to push their agendas with little consultation and consensus, bypassing and weakening institutions whenever possible or convenient.²

² See Aninat et al. (2008 and 2009) on Chile, and Spiller and Tommasi (2007 and 2008) and Urbiztondo et al. (2009) on Argentina. Broader contrasts on the strength of institutions and institutionalization of policymaking are provided in a set of comparative cases in Stein et al (2008). Saiegh (2009) studies the degree of institutionalization and strength of Congress as a policymaking arena across 18 Latin American countries, ranking the Chilean legislature among the top three in all measures, and the Argentine legislature among the bottom three in all measures. Jones (2009) analyzes political party systems and classifies those same 18 countries in seven groups as a function of a number of characteristics. Chile belongs (with Uruguay) to group 1, that of the most programmatic party systems; Argentina belongs to group 7, a group of countries in which “the principal goal of politicians is to continue to obtain the resources needed to maintain the clientelistic system upon which their support is based. Whether policy is ‘good’ or ‘bad’ from a technocratic perspective is less important than whether or not the policy will increase or decrease the amount of resources at the politician’s disposal ...” (p. 57). Magaldi de Sousa (2008) studies the role of the Judiciary in policymaking across Latin American countries: Chile appears 3rd of 18 countries (after Uruguay and Costa Rica) in its judicial independence, while Argentina ranks 13th of 18.

Nonetheless, democracy offers a variety of channels and instruments for citizens to participate in the political process. Through voting, one of the most basic democratic tools, citizens select their representatives to public office and convey their policy preferences. In addition to such conventional channels, citizens have other means to affect political decisions at their disposal. Protests and demonstrations, ranging from simple marches to road blockades and even violence, are some prominent examples. While most countries experience such phenomena only rarely, others do so as almost as a matter of course. he time.

In Latin America protests and other contentious strategies were common and played an important role during democratization, declining somewhat afterwards (Hipsher, 1996; Eckstein and Garretón Merino, 2001). The last decade, however, has witnessed a resurgence of overall protest activity, but to varying degrees of intensity and political relevance across countries. In countries such as Argentina, Bolivia, Ecuador, and Peru, street protests have become a very salient and meaningful way to achieve certain political objectives and to express policy demands. In other cases, like Chile and Brazil, protests are more sporadic and far less relevant to policymaking in general.³

The question we address in this paper is that of the relationship between individual choices of means to affect political decisions and the quality of political institutions. The very day we first wrote this paragraph the main editorial and the cover page of the leading newspaper in Argentina were devoted to several protests occurring around the country. These included the following: a protest of families and friends of victims of a fire in a Buenos Aires nightclub—who staged violent acts in front of the courts where those allegedly responsible for the fire were being acquitted; a clash between the inhabitants of a shantytown and police forces on account of the death of a 17-year-old girl; and agricultural producers trying to reach the national Congress building, surrounded by the police, where legislators were voting to extend special powers to the executive that would eventually lead to higher taxes on agricultural exports. The editorial page of the newspaper *El Clarín* reflected on these events as follows:

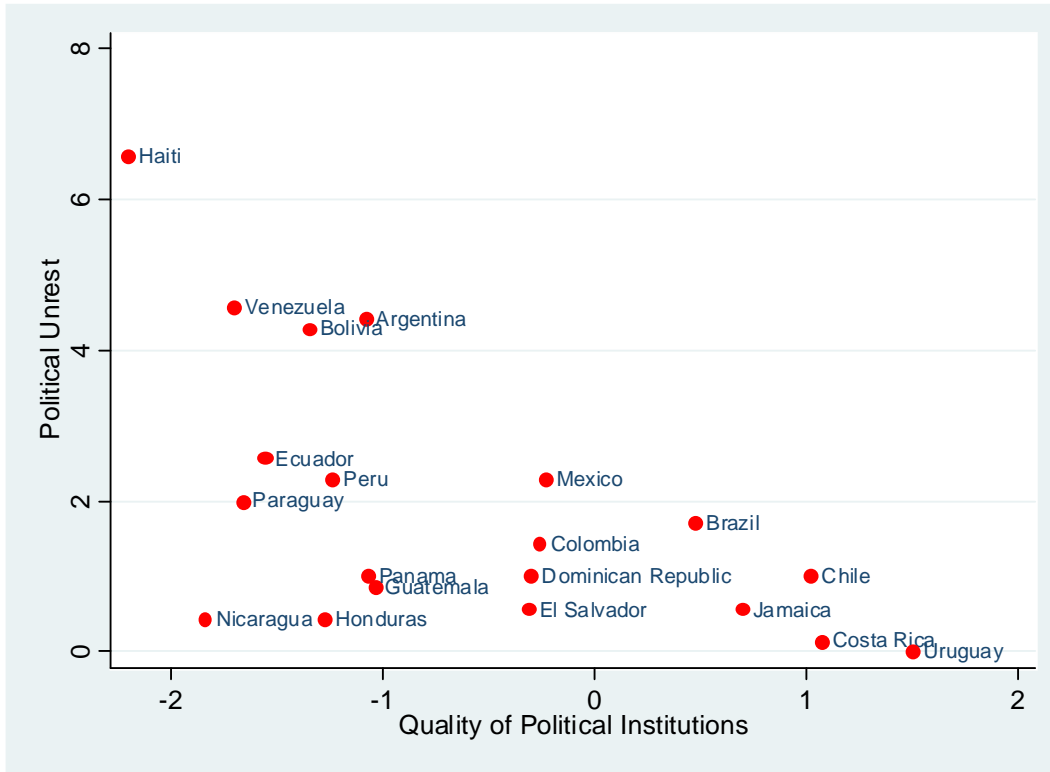
³ Case studies of policymaking in Argentina (Urbiztondo et al., 2009), Bolivia (Jemio, Candia and Evio, 2009) and Ecuador (Mejía Acosta et al., 2008) reveal an important role of street protests in the making of policy in those countries. This contrasts with the account of policymaking in places like Chile (Aninat et al., 2008 and 2009) or Brazil (Alston et al., 2008 and 2009) where protests seem to be far less general and less influential in the making of policy.

“Institutionalization is a pending chapter in Argentine society. It reveals, among other things, the deep mistrust in judicial decisions, in security forces, and in political representation, and the exasperated reactions such feelings provoke. This permanent exasperation is creating a negative culture of excesses and recklessness. Institutional mistrust and direct violence are negative forces to any society” (Kirschbaum, 2009; authors’ translation).

Thus protests, which are becoming an important mechanism for expressing preferences and attempting to change political outcomes in several Latin American countries, might be largely driven by the low credibility of the political institutions in place.

We argue in this paper that, in democracies, the workings of formal political institutions and the use of violent means of expressing political demands are related phenomena. As the opening quotation by Adam Przeworski suggests, countries vary substantially in the degree to which policy is made mainly through deliberation and bargaining in institutionalized arenas, or by using alternative means such as violence. In some countries, policymaking through formalized arenas such as congress is central. In such cases the political process is approximated reasonably well by standard models of elections and bargaining that take place within formal political institutions. In other cases, however, the making of policy is far less orderly, involving a considerable amount of action taken outside formal institutions. As an illustration, Figure 1 shows the relationship between a measure of the quality of political institutions—considering Congress, Courts, political parties and the bureaucracy (explained in detail below)—and a widely utilized measure of political unrest (strikes, riots, and demonstrations; see for instance Przeworski, 2009), across 20 Latin American countries.

Figure 1. Strength of Political Institutions and Political Unrest



We observe a clear negative relationship between the quality of political institutions and the extent of political unrest. Unconventional forms of political participation tend to be chosen where institutions are of lower quality. Indeed, our claim is that the strength and relevance of formal political institutions are key determinants of the individual choice of channels of political participation. When institutions are strong, actors are more likely to participate through institutionalized arenas. When they are weak, however, protests and other unconventional means of participation become more appealing.

In the next section we summarize the theoretical framework we have developed to explore these issues.⁴ We extend mainstream models of policymaking within formal institutions—dominant in the international literature⁵—to incorporate the possible use of alternative political technologies such as protests. The models generate a number of results relating individual decisions to the degree of institutionalization of the policymaking process. We explore some of these results empirically in this paper by combining country-level measures

⁴ The framework draws from models developed in previous and ongoing work: Scartascini and Tommasi (2009), Trucco (2009), and Scartascini, Trucco and Tommasi (2009).

⁵ Such as those summarized in the well known textbook of Persson and Tabellini (2000).

of institutional strength with individual-level information on protest participation in 17 Latin American countries.

In anticipation of our results, we find evidence that weaker political institutions are associated with a higher propensity to use alternative means for expressing preferences, that is, to protest. We also find interesting interactions between country-level institutional strength and some individual-level determinants of participation in protests. For instance, ideological extremism is a significant determinant of protest participation in countries with stronger institutions (confirming results from studies of protests in developed countries), while it is not significant in countries with weaker institutions. Similarly, those who believe that political parties represent their constituencies well are less likely to participate in protest in countries where institutions are relatively strong; in contrast, in countries with weak institutions, even those (few) who believe that parties represent their constituencies well are more likely to engage in protests. We discuss these findings in light of our theoretical framework.

2. Analytical Framework: Institutions and Alternative Political Technologies

Political actors, whether groups or individuals, face various alternatives when deciding whether and how to engage in the collective processes leading to public decisions. One set of alternatives that we call “the institutionalized road” includes, among other things, voting in elections, designing platforms, forming political parties, bargaining in Congress, and funding political parties and think tanks. A different set of alternatives, which we have dubbed *alternative political technologies*—or APTs for short (Scartascini and Tommasi, 2009)—include actions such as bribing politicians, blocking roads, burning tires, picketing, and threatening violent action.

These two sets of actions are commonly studied in isolation. While we argue in this paper that in countries where either one prevails the other tends to be rare, combining both in a more general framework can provide important insights on the conditions leading to each of these distinct equilibria. In previous and ongoing work, we have developed models where individuals and groups are given the option to affect political decisions through two distinct *arenas*: an institutionalized one, similar to those modeled in the mainstream literature on policymaking

within formal institutions (Persson and Tabellini, 2000), and an alternative arena characterized by unconventional forms of participation such as road blockades.⁶

The basic framework we employ can be described as follows. Citizens have the option to pursue their preferred policy outcomes through representatives in congress or directly through the threat of imposing costs on society, such as road blockades. We explore individual choices under two distinct assumptions about the workings of Congress. In the first case, we assume all citizens have equal chances of getting their preferred outcomes through that political institution. In the second, we assume that some citizens are better able to secure their preferred outcomes through Congress than others.

In the first case, the non-institutionalized equilibrium occurs only if enough players choose that route. No one single player, however, has a higher (or lower) incentive to do so. Overcoming collective action problems and the ability to pose a credible threat to the authorities are important factors determining the use of APTs in such cases. The more interesting and probably more realistic case, however, occurs when we introduce inequalities in representation. Under such circumstances some players have a stronger incentive to engage in more direct forms of participation than others. Actors who have little or no chance of having their interests taken into account in the formal decision-making process are more likely to take the streets.

Thus the choice of arena by players depends on both individual (e.g., predisposition to participate in protests and the sense of having ones' interests represented) and contextual factors (e.g., how well institutions work), besides the choices of the other players, as reflected in the equilibrium solution to the game.

Over time, these choices can lead countries to two types of equilibria. In an environment where the predominant form of political participation is the "institutionalized" one, actors are much more likely to invest in improving their individual and collective capacities in that arena.⁷ The opposite would be likely in environments where decisions are heavily influenced by unconventional or even violent activities. Investing in technologies that increase strength and capabilities in the institutionalized game (such as acquiring policy expertise) or in technologies

⁶ In Scartascini and Tommasi (2009) the formal arena is a legislative bargaining model a la Baron-Ferejohn (1989), and in Scartascini, Trucco and Tommasi (2009b) the formal arena is a decision making mechanism leading to median-voter outcomes. In Trucco (2009) and Scartascini, Trucco and Tommasi (2009a) the set of alternative political technologies includes both street protests (for everybody) and the possibility of bribing your way towards better outcomes from formal political decisions (for a lucky few). See those papers for references to the rich literature we build on.

⁷ On institutions as investments, see Bates (1997).

that increase strength and capabilities in the street (such as buying weapons or collecting old rubber tires to burn on the streets) would clearly have an impact on the extent of productivity and strength of formal institutions, as well as on the quality of the policy output.⁸

Legislatures are critical institutions in the effective functioning of a democratic system and the policymaking process. The extent and nature of the role played by legislatures vary greatly from country to country. It is fairly common in the literature to model legislatures and their functioning based on the features of the United States Congress. It is usually characterized by representatives serving multiple terms in office, who have an incentive to acquire expertise in certain policy areas through long-term assignments to specific policy committees. The U.S. Congress plays an active role in policymaking and in the oversight of the public bureaucracy, and it is the focus of and the main entry point for the political influence of interest groups.⁹

None of these features, however, applies to several Latin American congresses. This is particularly true in the case of Argentina, despite the fact that the constitutional structure of both countries displays strong similarities (Jones et al., 2002). That is, even if on paper the Argentine and American Congresses look similar, in practice they are far apart. In contrast to the case of Argentina, however, the Chilean legislature plays a much more important role in the country's policymaking process. Thus the region displays a certain degree of cross-country variation that we explore in the empirical exercises. Note that these differences among countries are associated with various measures of legislators' and legislatures' capabilities that have a clear investment component. These include the number of terms commonly served by legislators, their educational attainment and levels of policy expertise, the use and organization of special policy committees, and the resources available for policy analysis. All of these factors are likely to influence the degree of legitimacy enjoyed by this institution among the public and the relevance of serving as a legislator to the careers of politicians.¹⁰

⁸ There are various reasons why more institutionalized collective decision making arenas will lead to better policies and better outcomes, such as providing a better structure for exchange of information and for the agreement and enforcement of intertemporal cooperation. According to Pierson (2004: 107) "political institutions can serve to coordinate the behavior and expectations of decentralized actors (Carey, 2000) and to facilitate bargaining by creating monitoring bodies, issue linkages, and mechanisms for making credible commitments (Keohane, 1984; Weingast, 2002)." Scartascini, Stein and Tommasi (2009) show that more institutionalized policymaking environments lead to policies that are more stable, (yet) more adaptable to changing circumstances, more coordinated and coherent, and better implemented.

⁹ See for instance Weingast and Marshall (1988), Shepsle and Weingast (1995), Diermeier, Keane and Merlo (2005), and Grossman and Helpman (2001) and references there.

¹⁰ See Jones et al. (2002), Spiller and Tommasi (2008), Aninat et al. (2008), and Tommasi (2008) for comparisons between Argentina and Chile. Saiegh (2009) and Stein and Tommasi (2007) provide wider comparisons, showing a

As mentioned earlier, in this paper we focus the empirical analysis on one APT of great saliency in several Latin American countries: street protests. Following our framework, we expect to find a number of empirical connections between the characteristics of institutions such as Congress and the political party system and the decision of political actors to take part in protests. First, we expect a negative correlation between institutional strength and the individual propensity to use alternative political technologies such as protests. Protest should be more prevalent under weaker institutions, where, either because of imperfect representation or other deficiencies, individuals do not expect to obtain their desired political goals through the regular institutional means. At the individual level we would expect those for whom the collective action costs of participation are lower and the expected benefits of more direct means of political action are higher to be more likely to engage in protest. We rely on the extensive literature on protest participation to derive measures that capture these factors. In addition to these direct effects of institutional strength and individual level features resulting from our basic framework, we explore some extensions that reveal important interactions between the two.

2.1 Political Parties, Representation, and Protest

Democracies are representative governments. The link between citizens' interests and the outcomes of the policy-making process is mediated primarily through parties. The way in which they fulfill this role can have an important impact on individuals' decision to protest. Parties are not limited to representing the preferences of their constituencies through institutionalized means, such as via their representatives in congress. Parties and their members might also opt to voice preferences through the streets if representation through institutionalized channels is hindered by weak institutions.

Thus parties, as organized groups of individuals, also have two types of mechanisms to attempt to achieve their constituents' goals. They can place their bets in the institutionalized channels of election, legislative debate, and technical discussions, or they can use their organizational capabilities to mobilize collective action in the streets. When political decisions are made mainly through a well-functioning institutionalized process, protests are likely to have

strong correlation of such objective indicators of Congress capabilities with assessments about the importance of Congress in policymaking across 18 Latin American countries. Such analyses constitute the background for the empirical measures of institutional strength we use in this paper. Similar analyses and data building efforts to those focused on Congress have been performed for the Judiciary (IDB, 2005; Magaldi de Sousa, 2008), political party systems (IDB, 2005; Jones, 2009), and bureaucracies (IDB 2005, Zuvanic and Iacoviello, 2009).

a lower impact on decisions and the former strategy might prevail. When, on the other hand, institutions are weaker, protest can be an effective way to affect decisions and the latter strategy more profitable.¹¹

These parties' strategies will have implications for the relationship between beliefs about the quality of representation and the individual propensity to participate in protests. If representation is achieved primarily through formal channels, citizens feeling represented by their parties would be less likely to protest. If, on the other hand, parties represent their constituencies' interests primarily through direct means, such as protest, then those feeling represented would be more likely to protest.

2.2 Ideological Extremism

Ideological inclination is an important factor in accounting for engagement in protests. The earlier literature focusing on the developed democracies has placed particular emphasis on left-leaning ideology given its assumed ties to unions and other important protest-leading organizations.¹²

More recently, studies have argued that extremists in general, either at the left or at the right, are more "politically committed" and therefore more likely to engage in direct action (Jenkins et al, 1995). Indeed, Opp et al (1995) "supporting a variant of the "extremism" hypothesis [...] find that rightists are as likely to protest as leftists in Israel and Peru, while the middle-of-the-roaders remain on the sidelines."

The recent experiences of countries such as Argentina (Przeworski, 2009) and Bolivia (Jemio, Candia and Evia et al., 2009; and Evia et al., 2008), where depending on the issue "almost everybody" seems to be willing to take the streets, suggest that the fact that people with extreme ideologies are more likely to engage in protests might be conditional on the strength of institutions.

Using median voter logic can shed some light on those findings. According to the median voter theorem, voters situated at each of the extremes of the ideological scale would be equally

¹¹ This relates to well know arguments in the democratization literature. Parties that lose an election can accept their short-term fate gracefully and invest in doing better in the electoral and coalitional arena next time, or they can use violence in an attempt to change things. (See for instance Przeworski, 2005, Benhabib and Przeworski, 2006, and Wanchtekon, 2000).

¹² We do not find evidence that people to the left of the median ideological placement are more likely to protest than those to the right in our Latin American sample.

unlikely to have their interests represented through formal channels, leading to a greater propensity to voice their interests in more direct ways. That inference, however, holds under the assumption that institutions are fully functioning. Where institutions are weaker, there is no reason to expect that “middle-of-the-roaders” will have their preferences reflected in the political outcomes either, and shortcomings in the workings of institutions can prompt them to take to the street as well. If that is the case, we should observe no significant differences in the propensity to protest between extremists and moderates in countries with weaker institutions.¹³

3. Protests in Latin America: Empirical Analysis

Protests involve varying numbers of participants in Latin America, as shown in Figure 2. In some cases protests impact policy decisions in important ways. In Bolivia, for example, teachers and police officers obtained substantial raises and benefits increases after they took their claims to the streets.¹⁴ Likewise, a very influential protest that opposed the attempt of the government of Bolivia to change the tax system ended with the defeat of that proposal and ultimately shortened the administration of President Sánchez de Lozada.¹⁵ Three other presidents in the region were similarly forced to step down as a result of popular protests just a few years apart (Mihaly, 2006).¹⁶ Protests by the rural sector in Argentina forced Congress to decide against a proposal by the executive to raise taxes on agricultural exports and ignited a political conflict that has weakened the popularity and power of the Kirchner administration.¹⁷

In other cases, however, protest is much more sporadic and has rather limited impact on major decisions. The question we explore in this section is under what circumstances citizens will have an incentive to join such forms of political participation. The broader literature on protest participation has found that some individuals are more likely to protest than others, based

¹³ Scartascini, Tommasi, and Trucco (2009b) formalize that result. Following the logic that the strength of institutions is in itself endogenous to the venue choices of political actors, they find the presence of multiple equilibria, inducing a positive correlation between institutional strength and the degree of ideological distance between protesters and the median voter.

¹⁴ Scartascini and Stein (2003) present the impact of these mobilizations in the fiscal stance of the country. In the late 1990s and early 2000s, the budget underwent substantial changes over the course of the year according to the show of strength of different actors in the streets of La Paz.

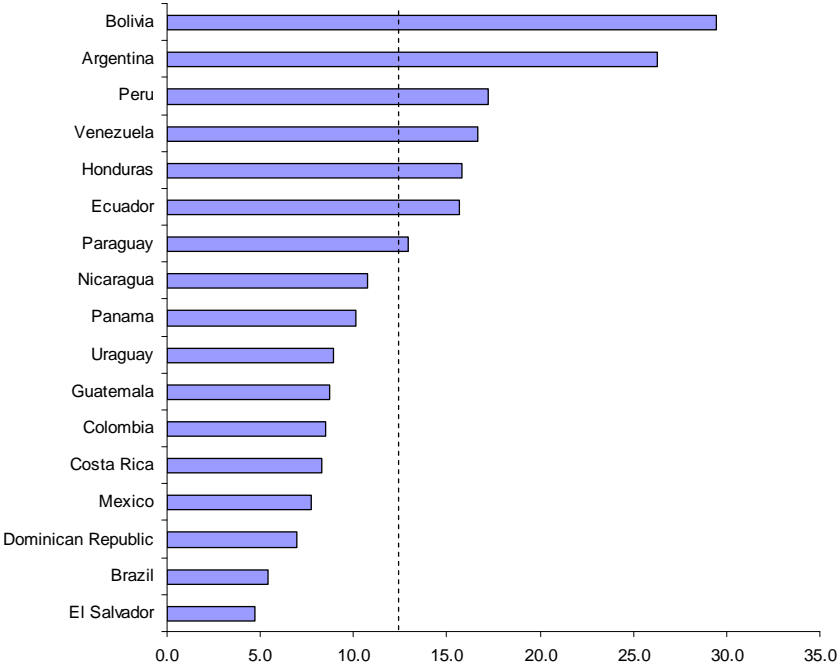
¹⁵ “El 17 de octubre de 2003, las protestas populares masivas forzaron al presidente boliviano, Gonzalo Sánchez de Lozada, a la renuncia de su cargo luego de apenas 14 meses de un mandato proyectado a cinco años.” (Mihaly, 2006: 95)

¹⁶ The other presidents were Raul Cubas in Paraguay (1999), Mahuad in Ecuador (2000) and De la Rúa in Argentina (2001).

¹⁷ A chronology of events can be followed in <http://www.clarin.com/diario/2008/07/21/elpais/p-01719603.htm>

on personal traits and predispositions. This accounts for some of the variation in protest participation within countries. As is clear from Figure 2, however, countries differ considerably in the number of citizens drawn to the streets, and individual characteristics alone cannot reasonably account for that difference. Our claim is that, in addition to such basic personal characteristics, there exists a relevant relationship between protest participation and the quality of political institutions.

Figure 2. Percentage of Respondents Reporting Protest Participation



Source: LAPOP (2008).

Institutions are the backbone of the policymaking process. A congress that is capable and knowledgeable, an independent judicial branch, a cohesive party system and a competent bureaucracy are prerequisites for good governance (Scartascini, Stein and Tommasi, 2009). Strong institutions are usually associated with a good policy environment, while the opposite is true when institutions are deficient. Under weak institutions, both confidence in their effectiveness and reliance on their outcomes will tend to be low, prompting individuals to consider alternative ways of affecting politics.

While it is always the case that some portion of the population will feel alienated from or dissatisfied with decisions taken through formal institutions—no matter how well they function—we expect this feeling to be more widespread where weakness is an issue. In such cases, protest offers a channel to voice preferences in a more direct way. Through demonstrations, citizens can expect to directly impact decisions, prompting reversals of undesired policies or the adoption of desired ones, while bypassing the limitations of institutional channels. As argued earlier, however, this practice might serve to perpetuate a “low institutionalization” equilibrium with perverse effects on the prospects of institutions’ strengthening.

We explore the effects of the degree of institutionalization on individuals’ propensities to participate in protests using data gathered by the Latin American Public Opinion Project (LAPOP) in 2008 for 17 countries.¹⁸ These surveys, designed to be representative of the voting-age population in each of the countries, cover a broad spectrum of topics ranging from assessments of the economic situation to respondents’ engagement in different forms of political participation. Our dependent variable is respondents’ answer to a question on whether they have joined a demonstration or public protest during the past 12 months.

Drawing from the international literature on protest participation, we include in the analysis a number of personal features found to affect the probability of joining protests and demonstrations. These include basic socioeconomic attributes, individual motivational attitudes, and individual perceptions of contextual incentives and opportunities. We are especially interested in individual-level perceptions and country level measures of the strength and quality of policymaking institutions. The first set of measures is taken from the LAPOP survey. The second was created based on country-level ratings of a number of government institutions as detailed below.

We provide pooled regressions with country level covariates first, treating the whole sample together. We find support for the hypothesis that the quality of institutions is negatively related to the propensity to participate in protests, as well as confirmation of various pre-existing insights (mostly from literature on developed countries) on the determinants of participation. A

¹⁸ The countries and respective number of observations are: Mexico (1,560), Guatemala (1,538), El Salvador (1,549), Honduras (1,522), Nicaragua (1,540), Costa Rica (1,500), Panama (1,536), Colombia (1,503), Ecuador (3,000), Bolivia (3,003), Peru (1,500), Paraguay (1,166), Uruguay (1,500), Brazil (1,497), Venezuela (1,500), Argentina (1,486), and the Dominican Republic (1,507). Chile was also surveyed, but unfortunately no question on protest participation was asked.

few of the usual suspect variables do not appear significant; these slightly more puzzling results become a bit more understandable once we move to country-by-country specifications.

Some variation across countries in the signs and significance of some explanatory variables might be due to contextual factors in relation to the type of protests dominant in each country at the point in time of our cross-section, the year 2008. For instance, the effect of income on the propensity to protest will be different for a country like Argentina if the predominant protests of the year were protests by the (mostly poor) unemployed requesting social programs rather than road blockades by agricultural producers (of wider socioeconomic range) requesting lower agricultural export taxes.¹⁹

Other cross-country variations in the signs and significance of some explanatory variables might connect more directly to our argument about institutional strength and the use of APTs. We explore a few of such possibilities through some interaction terms and via simulation exercises in the final part of the section, attempting to interpret the findings in light of our analytical framework.

3.1 Variables

The dependent variable is the following question from the LAPOP: “How often have you participated in protests and demonstrations in the past 12 months? Never, almost never, or sometimes.” For the purposes of our analysis we collapse the categories “sometimes” and “almost never” and work with a dummy variable indicating whether an individual participated or not.

We use expert assessments of four fundamental government institutions to build our measures of the strength of policymaking in a given country. These are the following: *Congress Capabilities* is a measure of the effectiveness of lawmaking bodies from the Global Competitiveness Report (average over 2003 to 2005); the extent of *Judicial Independence* is drawn from the Fraser Institute of Economic Freedom Report (average over 1995-2003); *Party System Institutionalization* captures the extent of a stable, moderate and socially rooted party system to articulate and aggregate societal interests from the Bertelsmann Transformation Index 2006; and *Bureaucratic Quality* ratings are taken from the International Country Risk Guide

¹⁹ We hope to explore these contextual factors when we can obtain similar data for other years.

(average 1984-2001). Based on factor analysis of these four measures we created an index of *Institutional Strength* that is the focus of most of our empirical analysis.²⁰

At the individual level we are interested in three features in particular. First is respondents' perception of the workings of political institutions. The item that most closely captures this feature is one that asks how much respect respondents have for political institutions in their country (*respect institutions*). The second feature refers to the representational aspect of democracy. We employ an item on the extent respondents feel their interests are being represented by political parties (*parties represent*). Lastly, we pay special attention to the question of whether protesters tend to have extreme ideological views. To build a measure of ideological extremism (*extreme ideology*), we recoded the left/right ideological scale such that the middle point was lowest and the extreme points (in either end) were highest.²¹

As controls we use a number of individual-level variables that are usually found to affect individuals' decision to participate in protests. The first factor refers to individual levels of dissatisfaction with the current government and its policies.²² This is captured by individuals' reported intention to vote for the opposition candidate if elections were to be held soon (*vote opponent*).

A second factor receiving increased attention in the literature is the relationship between individuals' experience with corruption (*corruption experience*) and protest engagement. Previous studies have found that perceptions of public corruption increase the individual's likelihood of participating in protests. Authors such as Gingerich (2009) and Kiewiet de Jonge (2009) argue that corruption victimization may be a grievance that lowers the collective action cost of protest due to the manner in which it affects the attribution process.²³

²⁰ With collaborators we have developed detailed measures of the workings of institutions in Latin American countries in IDB (2005), Berkman et al. (2009), and Stein and Tommasi (2007). Every feature explored was highly correlated with corresponding features gauged by the internationally available measures we employ here. Given that the latter are available for a broader sample of countries, we opted to employ these instead of the ones we developed for Latin American countries only, in the hope that some of this analysis might be extended in the future to a wider sample of countries.

²¹ In every country in the sample except for the Dominican Republic, the median respondent was located at the middle of the scale.

²² Anderson and Mendes (2005) explore a related issue and find that having voted for the opposition *in the previous election* is an important predictor of the propensity to participate in protests.

²³ In ongoing work (Scartascini, Tommasi, and Trucco, 2009a, and Trucco 2009) we find an additional mechanism by which systemic corruption might affect the decision to protest. Those papers allow the existence of two different alternative political technologies, bribes and street protests, and show an equilibrium complementarity in the use of such technologies. "Bribes by the rich" and "protests by the poor" are likely to be countervailing forces that will tend to happen together in polities with weaker political institutions. Interpreting corruption as a proxy for the

Other variables commonly utilized in the literature attempt to capture general political motivational attitudes that might make individuals more likely to participate. These include the intensity of political interest (*political interest*), the degree of (self-reported) understanding of politics (*understand politics*) and the level of trust in other people (*interpersonal trust*). Interpersonal trust is directly related to the collective nature of protests. Protests and demonstrations tend to be more successful the greater the number of participants. Thus the incentive to join such a group action is positively correlated with the extent to which an individual believes that other members will not defect on her.

Finally, there is a set of socio-demographic controls. The belief that the rich and more educated are more likely to engage in political participation in general, and in demonstrations in particular, is widespread, at least in the developed-country literature (Booth and Seligson, 2008). On the one hand, organizing and participating in protests are costly enterprises that not everyone is able to afford. Thus material resources should matter. On the other, it is commonly believed that such forms of political participation presuppose some degree of awareness and understanding of the political process that the well-educated are more likely to possess. In this view, the better educated are seen as better informed, more critical and more engaged individuals. We control for age (a continuous variable), gender (a dummy variable where 1 denotes male), level of education (measured as last grade completed), and income (measured in log form).²⁴

3.2 Estimation

As is clear from the previous discussion, we believe protest is associated with a number of factors. Furthermore, we suggested that not only some of these factors might affect protest participation differently in different countries, but also that certain country characteristics might be associated with the likelihood of protest participation both directly and through their relationships with individual-level covariates. Given the complexity of these relationships, and in order to better understand the multilevel structure of the data, we perform several exercises.

extensive use of bribes in politics, we predict a connection between corruption and protest. (An individual's experience with corruption is a very significant predictor of her beliefs regarding country corruption, as discussed in Scartascini, 2008).

²⁴ Income was made comparable following Gasparini et. al (2008), where local currencies were converted into PPP dollars of 2007.

We begin exploring these relationships by running simple regressions containing the country level covariates—our index and each of its components. A rich debate currently exists on the best strategy to analyze multiple country survey data, given that panel data methods were found to be inappropriate.²⁵ Following the discussion in Gelman and Hill (2006) and results in Leoni (2006) we estimate these first regressions in two ways. First we run a pooled specification, using the jackknife procedure clustering by country to calculate the standard errors. We run a logit specification given the dichotomous nature of the dependent variable, as follows:

$$\Pr(y_{j[i]} = 1) = \text{logit}^{-1}(\alpha + X_{j[i]}\beta_1 + U_j\beta_2), \quad \text{for } i = 1, \dots, n_j \text{ and } j = 1, \dots, 17$$

where i indexes individuals, $j[i]$ means individual i belongs to country j , $y_{j[i]} = 1$ means individual i reported participation in protest in the past 12 months, X is a matrix containing all individual level covariates and U is a matrix containing the country level covariates. n_j is the number of individuals in country j .

This specification relies, however, on assumptions that might be too strong. First, we are assuming that all country level variation is explained by our aggregate measures. Second, unless the individual-level variables are interacted with the aggregate measures they are assumed to be fixed across countries. To relax these assumptions somewhat, and as a robustness check, we also run a semi-pooling specification where we allow for random country intercepts, as follows:

$$\Pr(y_{j[i]} = 1) = \text{logit}^{-1}(\alpha_j + X_{j[i]}\beta_1 + U_j\beta_2), \quad \text{for } i = 1, \dots, n_j \text{ and } j = 1, \dots, 17$$

$$\alpha_j \sim N(\mu_\alpha, \sigma_\alpha^2), \text{ for } j = 1, \dots, 17$$

In the next step we estimate regressions by country to explore possible variations in the estimated effects of individual-level characteristics on the likelihood of protesting. Following the estimation of these 17 regressions, we look at simple correlations between the estimated coefficients (on individual characteristics) and the institutional features of the countries. This provides us with preliminary evidence on the degree to which country characteristics explain the fact that respondents with the same individual traits have different propensities to protest.

Based on these results we specify the full model, which includes both the country-level covariates and their interaction with the individual level variables of interest. This model is also

²⁵ See a 2005 special edition of *Political Analysis* on multilevel analysis of large-cluster survey data.

run based on both specifications discussed above: one pooled with clustered jack-knife standard errors and one semi-pooled with random country intercepts.²⁶

3.3 Cross-Country Regressions on Institutional Strength

Table 1 presents the results of the random intercepts logit estimations including country level covariates. We obtained very similar results using the pooled specification with clustered jack-knife standard errors, which we omit due to space limitations. Except for ratings of the quality of the bureaucracy, all proxies of the functioning of institutions have a negative and significant estimated effect on the likelihood of protest participation. That is, in countries where these institutions work better the propensity of individuals to take to the streets is significantly lower.

²⁶ Ideally we would have fit a full hierarchical model allowing for both random intercepts and slopes. However, these specifications are computationally complex and in most cases the maximum likelihood estimator does not converge.

Table 1. Pooled Random Intercepts Logit Estimation Results

	(1)	(2)	(3)	(4)	(5)
Congress Capabilities	-0.762*** (0.273)				
Judicial Independence		-0.206*** (0.066)			
Parties Index			-0.182** (0.088)		
Bureaucracy Index				-0.174 (0.246)	
Institutional Strength Index					-0.398*** (0.126)
Respect Institutions	-0.032** (0.014)	-0.031** (0.014)	-0.032** (0.014)	-0.032** (0.014)	-0.031** (0.014)
Parties Represent	0.016 (0.016)	0.017 (0.016)	0.016 (0.016)	0.016 (0.016)	0.017 (0.016)
Experience with Corruption	0.276*** (0.037)	0.276*** (0.037)	0.277*** (0.037)	0.277*** (0.037)	0.276*** (0.037)
Interpersonal Trust	0.144*** (0.030)	0.144*** (0.030)	0.144*** (0.030)	0.144*** (0.030)	0.144*** (0.030)
Vote for Opponent	0.284*** (0.059)	0.281*** (0.059)	0.286*** (0.059)	0.284*** (0.059)	0.281*** (0.059)
Extreme Ideology	0.070*** (0.017)	0.070*** (0.017)	0.071*** (0.017)	0.071*** (0.017)	0.070*** (0.017)
Interest in Politics	0.404*** (0.028)	0.403*** (0.028)	0.404*** (0.028)	0.403*** (0.028)	0.403*** (0.028)
Understand Politics	0.020 (0.016)	0.020 (0.016)	0.020 (0.016)	0.020 (0.016)	0.020 (0.016)
Age	0.000 (0.002)	0.000 (0.002)	0.000 (0.002)	-0.000 (0.002)	0.000 (0.002)
Male	0.111** (0.051)	0.110** (0.051)	0.111** (0.051)	0.111** (0.051)	0.110** (0.051)
Education	0.055*** (0.007)	0.055*** (0.007)	0.055*** (0.007)	0.055*** (0.007)	0.055*** (0.007)
Log(Income)	0.011 (0.024)	0.012 (0.024)	0.011 (0.024)	0.011 (0.024)	0.012 (0.024)
Constant	-2.506*** (0.611)	-3.530*** (0.284)	-2.961*** (0.596)	-3.821*** (0.466)	-3.536*** (0.281)
Observations	13968	13968	13968	13968	13968
R-squared
Number of countries	17	17	17	17	17

*** p<0.01, ** p<0.05, * p<0.1
Standard errors in parentheses

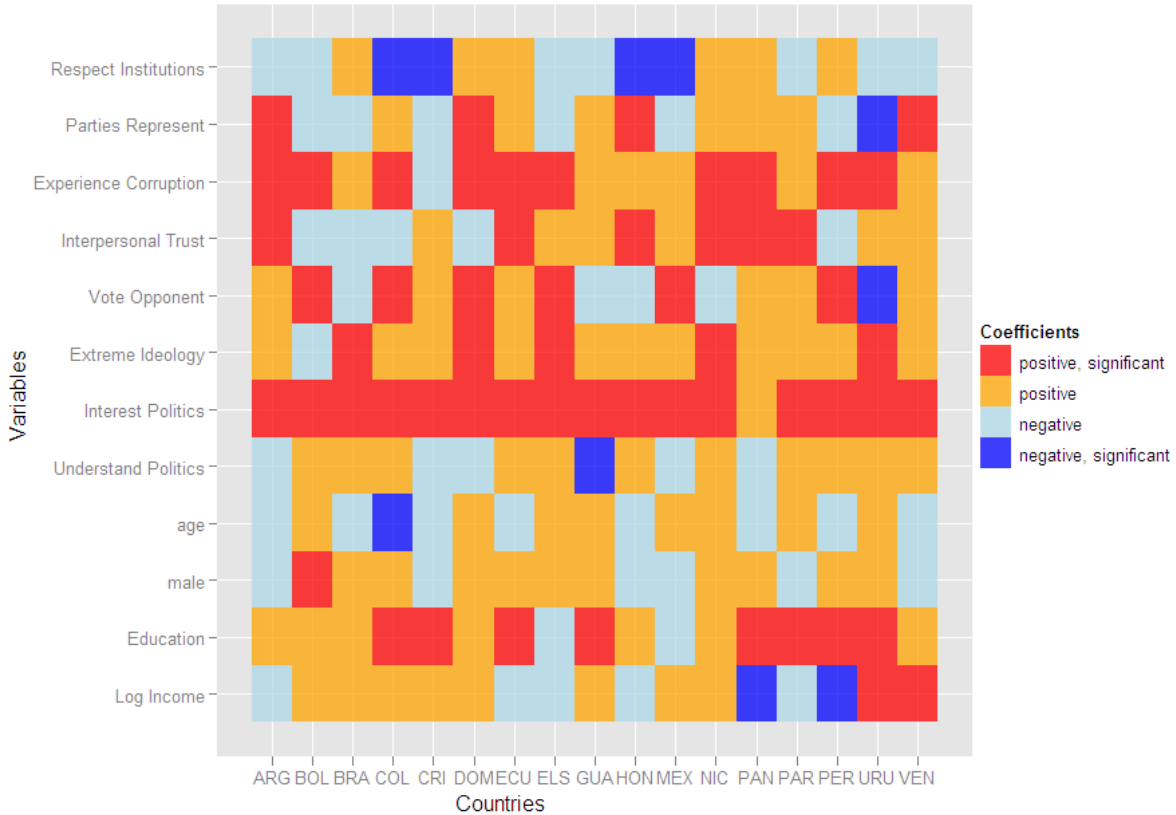
Regarding individual motivational attitudes, except for the self-declared understanding of politics, the estimated effects are positive and significant, corroborating the claims usually found in the literature. With respect to socio-economic controls, while the more educated and males appear more likely to protest, income and age fail to attain statistical significance.

Moving on to two variables of particular interest to us, ideological extremism is estimated to have a positive and significant effect on the propensity to engage in protest. Whether or not parties are perceived to fulfill their representative duties, however, turns out to be insignificant. Constraining the estimated effects to be the same across countries can conceal important cross-sectional variations. This is what we turn to next. As we will see, there can be significant variations that appear to be in part explained by the functioning of institutions themselves.

3.4 Country-by-Country Specifications

Results from the individual country estimates are displayed in Figure 3. The usual controls capturing individuals' propensity to participate tend indeed to have a positive and significant effect on the likelihood of protest participation. The results on socio-economic variables are less straightforward. While education tends to have a positive effect, income, gender and age display very different estimated effects depending on the country. In Panama and Peru, for example, it seems like the poorer were more likely to report protest participation, while the opposite is true in Venezuela and Uruguay.

Figure 3. Country-by-Country Regression Results

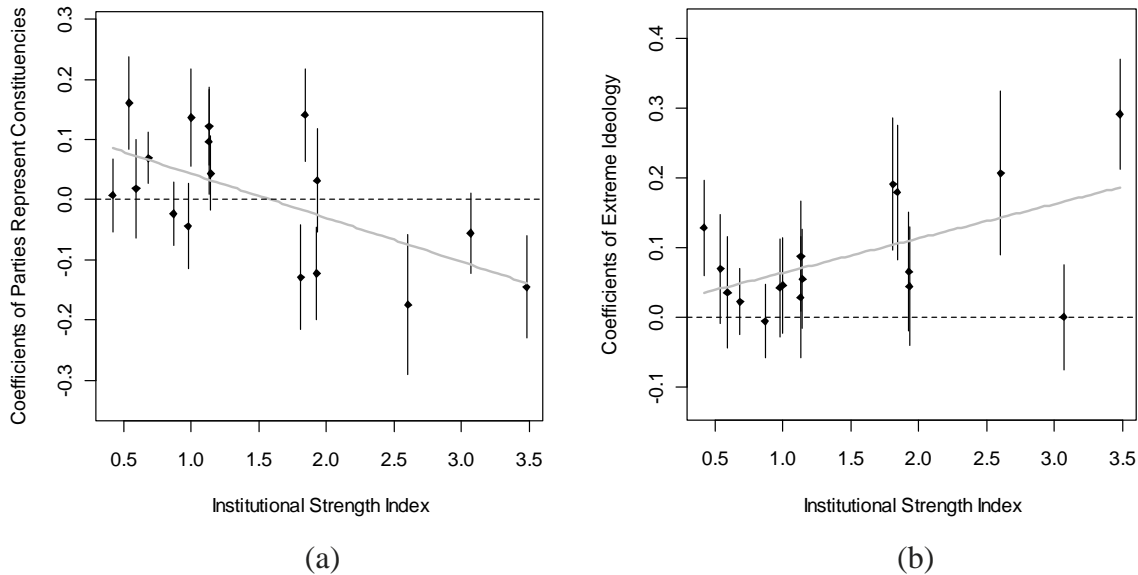


Notes: Each column corresponds to one of the seventeen countries, which are labeled on the x axis. Each row reports the sign and significance of the estimated coefficients on each of the independent variables. The threshold used to establish the significance of the estimated coefficients was a z score of 1.69 or more, corresponding to a 90% confidence interval around the estimate not including zero.

With respect to the belief that parties represent their constituencies’ interests, we observe contrasting effects across countries. In some the effect is positive and significant, in others it is not significant and still in another it is negative and significant. Based on the accounts of party involvement in protests discussed in the previous section these results are not surprising. Nor is the fact that this variation can be in part accounted for by the quality of institutions. As shown in Figure 4(a)., in countries where institutions are of good quality, those believing that parties represent their constituencies are less likely to protest. As suggested earlier, with a well-functioning institutional setting, parties are able to fulfill their primary role as representatives through conventional political institutions. When institutions are weaker, however, the best way for parties to represent their constituencies’ interests might indeed be to voice them through

unconventional means. Under these circumstances, though, the performance ratings of parties tend to be lower among non-protesters than among those who engage in protest.

Figure 4. The Relationship between Estimated Coefficients by Country and Institutional Strength



Notes: Points in the figure represent the estimated coefficients and bars represent \pm the estimated standard error. The gray line is the fitted line of a simple bivariate ordinary least squares regression of the estimated coefficients on the institutional strength index.

Based on the results in Figure 4(b), ideology is an important factor on the decision to protest in many countries. In these countries, individuals placing themselves further away from the median ideological position tend to display higher probability of protest participation. In other countries, however, the ideological distinction does not seem to play a significant role. If our conjectures are correct, extreme ideological inclinations would play a role in countries with a better institutional environment, but not so much where institutions are weak. Under the latter conditions, discontent would tend to be more widespread, downplaying the role of ideological divisions.

While interesting, these results should nonetheless be taken with a grain of salt, since we are not correcting for the fact that the dependent variable in these exercises—that is, the

estimated coefficients by country—is estimated. We now move on to consider specifications where country level covariates are included in the model in interaction with the individual-level variables.²⁷

3.5 Full Specification: Country-level Covariates and Interactions

Results on the pooled (clustered jackknife standard errors) and semi-pooled (random intercepts) estimations are presented in Table 2. In general, the results obtained in the previous exercise continue to hold under the full specification. Most of individuals' motivational attitudes turn out significantly and positively associated with the likelihood of protest participation. Thus respondents with higher interest in politics, more trust in people and who would vote for the opposition are more likely to have reported protest participation. Regarding socio-economic characteristics, higher levels of education and being a male appear associated with higher probability of participation.

²⁷ It would be possible to estimate a two-stage regression where on the second stage the individual level coefficients are regressed on the aggregate level covariates. Hanushek (1974), Borjas (1982) and Lewis and Linzer (2005) have all proposed weighting schemes to address the heteroskedasticity resulting from the fact that the dependent variable in the second stage is estimated. We chose, however, not to implement the two-step approach for two reasons. First, we have a relatively small sample of countries, limiting the degrees of freedom available for the second stage estimation. Second, these models are very cumbersome to interpret.

Table 2. Full Specification Results

	(1) Jackknife	(2) RE
Institutional Strength Index	-0.430* (0.233)	-0.328** (0.151)
Respect Institutions	-0.029 (0.020)	-0.032** (0.014)
Parties Represent	0.103** (0.047)	0.095*** (0.029)
Institutions*Parties Represent	-0.061 (0.037)	-0.059*** (0.018)
Experience with Corruption	0.319*** (0.045)	0.278*** (0.037)
Interpersonal Trust	0.159** (0.057)	0.142*** (0.030)
Vote for Opponent	0.192 (0.111)	0.281*** (0.059)
Extreme Ideology	-0.062 (0.062)	0.004 (0.031)
Institutions*Extreme Ideology	0.074 (0.050)	0.051*** (0.020)
Interest in Politics	0.374*** (0.040)	0.405*** (0.028)
Understand Politics	0.016 (0.017)	0.021 (0.016)
Age	0.002 (0.002)	0.000 (0.002)
Male	0.099 (0.074)	0.111** (0.051)
Education	0.066*** (0.010)	0.055*** (0.007)
Log(Income)	0.018 (0.053)	0.012 (0.024)
Constant	-3.504*** (0.466)	-3.635*** (0.303)
Observations	13968	13968
Number of countries	17	17

*** p<0.01, ** p<0.05, * p<0.1

Standard errors in parentheses

The additional control on personal experience of corruption also comes out as positive and significantly related to protest participation. As expected, those who report higher levels of respect for institutions are less likely to engage in demonstrations, while those who report low levels are more likely to do so.

In the group of variables that is of main interest to us, we see that the relationships uncovered through casual exploration in the previous section continue to hold. While the estimated coefficient on whether a respondent believes parties represent their constituencies'

interests is positive, this effect is dampened as institutional strength increases (negative sign of the interaction term). The opposite holds with respondents holding more extreme ideological views. As institutional strength increases, so does the effect of holding extreme views on the propensity to protest.

While the results in Table 2 provide us with information on the sign and significance of the coefficients of interest, their scope and actual effects are difficult to grasp just by looking at these numbers. The non-linearity of the specification and the use of interaction terms complicate their interpretation. For clarity of exposition we will discuss the results through the use of predicted probabilities calculated for meaningful profiles of individuals. We perform these calculations based on the random intercepts specification.

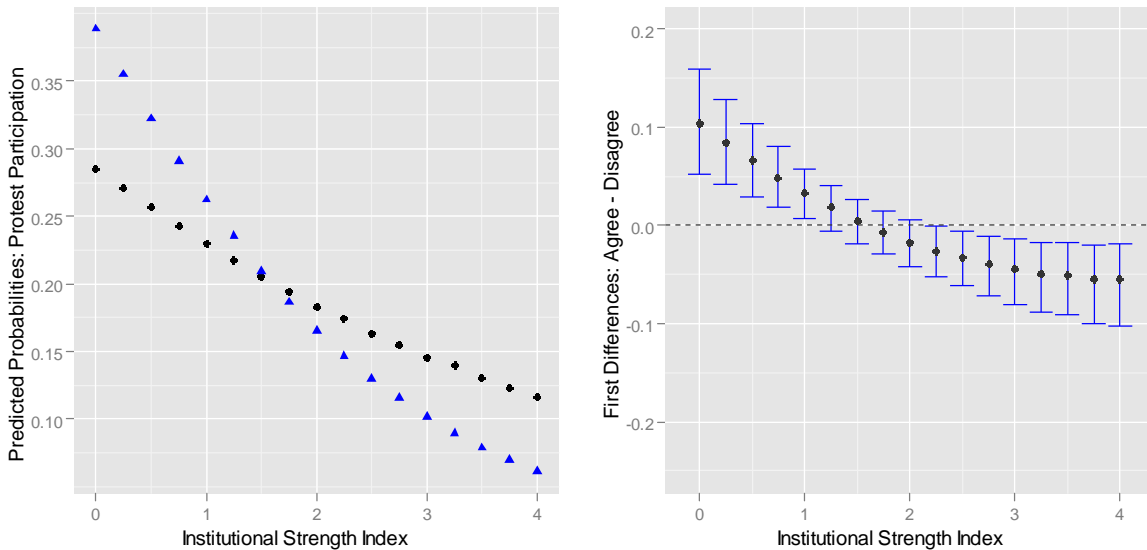
Given the homogeneity of results with respect to personal motivational attitudes, we set the individual profiles in the exercises that follow to one corresponding to a “highly motivated individual” while letting the variables of interest vary. A highly motivated individual is one who is interested in politics (value set at 3 on a 1-4 scale), would vote for the opponent if elections were to be held soon (dummy set to 1), trusts people (set to 3 on a 1-4 scale), and displays a (self-reported) high degree of understanding of the main issues in politics (set to 5 on a 1-7 scale). Since experience with corruption and levels of respect for institutions also turned out to be uniformly relevant in all countries, we set these variables to their sample mean values. The same is done with the socio economic characteristics: education (set to 9 years), income (US \$164 PPP) and age (set to 30 years old). It is worth noting that we replicated the exercises shown below with average motivational attitudes and found very similar results.

The objective here is to explore how these motivated individuals are led to take actual part in protest depending on their ideological stance, their sense of being represented, and the quality of formal institutions in their countries.

3.6. Parties and their Constituencies: Institutions or the Streets?

While we uncover evidence of a direct effect of institutional strength on the propensity to protest, results also suggest it might affect parties’ strategies. That is, the same logic leading individuals to circumvent weak institutions and take to the streets seems to hold for parties as well. We investigate these dynamics with the help of Figure 5.

Figure 5. The Effect of Believing Parties Represent Constituencies Well under Institutions of Varying Strength



Notes: Vertical bars represent 90% confidence intervals. Triangles represent the profile of an individual who agrees with the statement that parties represent constituents well (answer category 6). Circles represent the profile of an individual who disagrees (answer category 1) with the statement.

In that figure we compute the predicted probabilities of two profiles of individuals. The first corresponds to an individual who agrees that parties represent constituencies well; we set this item to the value of 6. The second represents an individual who believes the opposite; we set the answer to 1. All other variables are assigned the values specified earlier. Additionally, we compare these two profiles of individuals at varying levels of our institutional strength index. The panel on the left displays, for each value of the institutional strength index, the pair of predicted probabilities corresponding to the individual who agrees and to the individual who disagrees with the party statement. On the panel on the right, we plot the differences between these pairs of predicted probabilities with their standard errors in order to know in which cases they are significantly different.

Regarding the direct effect of the institutional strength index, it is particularly strong in the case of individuals who rate parties as doing a good job representing their interests. This individual has an estimated probability of engaging in protest of around 37 percent if he lives in a country with weak institutions. The same individual in a country with stronger institutions has

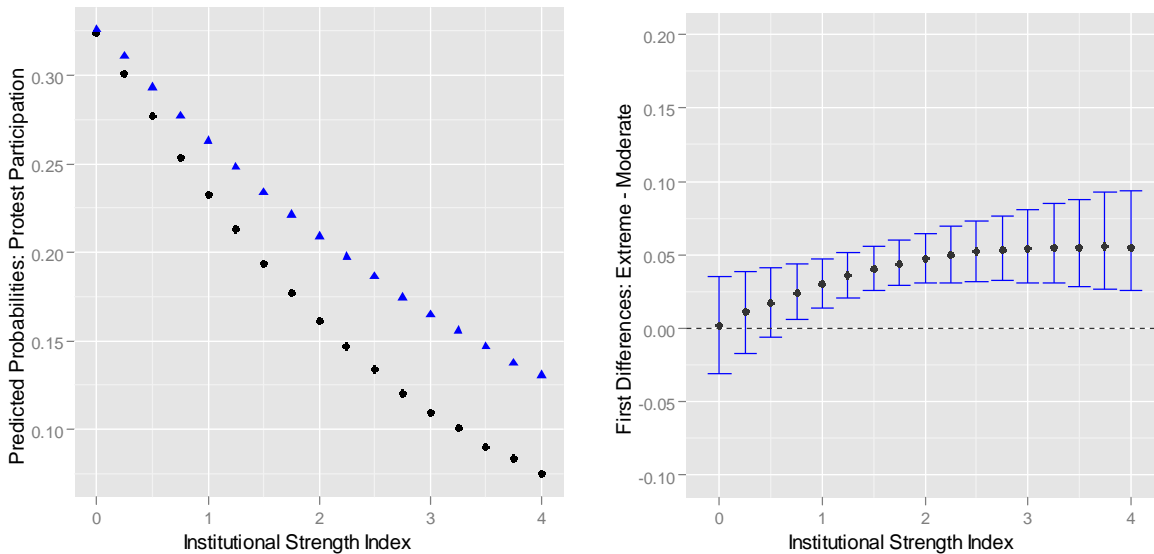
an estimated probability of protesting that falls well below 10 percent. We also observe a drop, though less abrupt, in the case of individuals who are more dissatisfied with parties. Those believing parties do not represent constituencies well have an estimated likelihood of engaging in protest of around 30 percent under weak institutions and of 12 percent under better institutions.

Inspection of the data shows that the number of respondents agreeing with the statement about parties is much lower under low quality institutions than under higher quality ones. Thus it seems that as institutions improve, so does the ability of parties to convey a sense of truly representing the interests of their constituencies. Conceivably, in low institutional settings it is harder for parties to perform this duty through the conventional arenas. Under such circumstances, parties are probably better able to defend their constituencies' interests directly through the streets. As institutions improve, parties convey a better sense of representation, reducing people's—and parties'—incentives to protest.

3.7. Ideological Extremism and the Tendency to Protest

In previous studies it has been argued that ideological extremists are more likely to participate in protests. We explore that question in our Latin American sample and find that the answer is a conditional yes. Ideological extremists are significantly more likely to protest than the rest of citizens in countries with strong institutions. The difference is not significant in countries with weak institutions, however. These results are displayed in Figure 6, which was built following the same procedure as the previous figure.

Figure 6. The Effect of Extreme Ideological Inclination under Varying Institutional Strength



Notes: Vertical bars represent 90% confidence intervals. Triangles represent the profile of an individual who holds an extreme ideological position (answer category 4). Circles represent the profile of an individual who holds a moderate ideological position (answer category 1).

As before, we observe an important direct effect of institutional strength. The predicted probabilities of protest participation for both profiles of respondents (extreme and moderate, both highly motivated, all else at the mean) decline considerably as institutional quality improves. Both profiles start at similarly high levels (around 35 percent) under low institutional strength. As they improve the estimated probabilities fall to between 13 percent and 8 percent.

Interestingly, the predicted probabilities of participation by an individual holding an extreme ideological position declines less than that of a moderate respondent. The differences between the two sets of predicted probabilities are statistically significant beginning at relatively mid to low levels of institutional quality. That is, at lower ratings of institutional strength, we are not able to differentiate between extremists and moderates on their propensity to participate in demonstrations. At better ratings, however, the difference becomes increasingly important, with the more extremist being more likely to take to the streets.

This pattern is compatible with our proposed account. That is, that under low quality institutions the policy environment will be of lower quality, fostering more widespread discontent. Even those holding more moderate ideological inclinations will likely be dissatisfied. As the quality of institutions improves, ideological considerations dominate.

4. Conclusion

Different features of political institutions have been used to explain political and policy outcomes. Most of this literature relies on the proper functioning of institutions, assuming that all outcomes are produced in a fully institutionalized manner. While countries at distinct stages of development might share political processes characterized by very similar rules and procedures, their actual functioning might differ considerably.

In this paper we explore the consequences of this fundamental contrast, in particular how it affects individuals; choices of channels of political participation. We argued that when institutions function well, actors are more likely to participate through institutionalized arenas, whereas when they are weak more direct channels of participation might be chosen.

We explored this relationship empirically with a particular focus on one prominent type of direct participation: street protests. We thus combined country-level measures of institutional strength with individual-level information on protest participation in 17 Latin American countries. Our results suggest that institutional strength is indeed associated with lower protest participation by individuals. We also uncovered interesting interactions between individual features and institutional quality.

Respondents holding extremist ideological stances were more likely to report protest participation where institutions are of higher quality. However, both extremists and moderates displayed similar propensities to protest in countries where institutions are weaker.

Furthermore, we find that those who believe that political parties represent their constituencies well are less likely to participate in protest in countries where institutions are relatively strong; in contrast, in countries with weak institutions, those (few) who believe that parties represent their constituencies well are more likely to engage in protests. We interpret this result as an indication that, just like individuals, parties also choose between the more institutionalized versus the more direct channels in representing the interests of their constituencies.

Where political actors are more likely to “play by the book,” bargaining and decision-making will be fairly institutionalized. This, in turn, generates incentives for individuals to invest in the strengthening of these institutions and also in their capacities to affect decisions from within them. If, on the other hand, most actors believe the best way to affect decisions is through alternative means such as protests, the incentives to develop strong and well-functioning

institutions will be much lower. Given this feedback effect, investing in the proper functioning of institutions can create a virtuous cycle.

Appendix: Description of Variables Employed

Institutional Strength Index: this measure is scaled to the interval 0 – low quality – and 3.5 – high quality. It was computed based on factor analysis of four indicators:

- Effectiveness of lawmaking bodies (1= very ineffective to 7 = very effective) from the GCR (average over 2003 to 2005);
- Fraser Index of independence of the judiciary (average over 1995 to 2003);
- Party system rating from the BTI (2006) – To what extent is there a stable, moderate and socially rooted party system to articulate and aggregate societal interests? Ranked from 1 to 7, higher numbers indicating higher levels of a stable party system.
- International Country Risk Guide “Bureaucracy Quality” rating (average over 1984 to 2001). High points are given to countries where the bureaucracy has the strength and expertise to govern without drastic changes in policy or interruptions in government services. In these low-risk countries, the bureaucracy tends to be somewhat autonomous from political pressure and to have an established mechanism for recruitment and training.

Extreme: this measure is scaled to the interval 1 (– moderate ideological position – to 5 – extreme ideological position.

Parties represent voters: “To what extent political parties represent their voters well? 1- not at all, 5- to a great extent”

Respect institutions: “To what extent do you respect the political institutions of (country)?” 1 – not at all, 7 – a lot.

Political interest: “How interested are you in politics? 1- a lot, 2- somewhat, 3- a little, 4- not at all.” We reverse the scale of this variable for estimation.

Understand politics: “I feel I have a good understanding of the most important political issues in this country. 1 – strongly disagree, 7 – strongly agree.”

Interpersonal trust: “How much do you trust people you meet for the first time? 1- trust completely, 2- trust somewhat, 3- trust a little, 4- don’t trust at all.” We reverse the scale of this variable for estimation.

Would vote for opponent: “If presidential elections were to be held this weekend who would you vote for? 1- would not vote, 2- would vote for the incumbent, 3- would vote for the challenger, 4- would vote blank.” This variable was employed as dummies for each category setting the second as a baseline (not included in the specification)

Corruption experience: In this index we add the number of reported times a respondent was asked to pay a bribe by either a public servant, a police officer or to keep services like electricity going.

References

- Alston, L. et al. 2008. "On the Road to Good Governance: Recovering from Economic and Political Shocks in Brazil." In: E. Stein et al., editors. *Policymaking in Latin America: How Politics Shapes Policies*. Cambridge, United States: Harvard University, David Rockefeller Center for Latin American Studies.
- Alston, L. et al. 2009. "The Political Economy of Productivity in Brazil." IDB Working Paper 104. Washington, DC, United States: Inter-American Development Bank.
- Anderson, C.J., and S. Mendes. 2005. "Learning to Lose: Election Outcomes, Democratic Experience and Political Protest Potential." *British Journal of Political Science* 36: 91-111.
- Aninat, C. et al. 2008. "Political Institutions, Policymaking Processes, and Policy Outcomes in Chile." In: E. Stein et al., editors. *Policymaking in Latin America: How Politics Shapes Policies*. Cambridge, United States: Harvard University, David Rockefeller Center for Latin American Studies.
- . 2009. "The Political Economy of Productivity: The Case of Chile." IDB Working Paper 105. Washington, DC, United States: Inter-American Development Bank.
- Baron, D., and J. Ferejohn. 1989. "Bargaining in Legislatures." *American Political Science Review* 83(4): 1181-1206.
- Bates, R. 1997. "Institutions as Investments." In: Z. Iqbal and R. Kanbur, editors. *External Finance for Low Income Countries*. Washington, DC, United States: International Monetary Fund. ington, DC.
- Benhabib, J., and A. Przeworski. 2006. "The Political Economy of Redistribution under Democracy." *Economic Theory* 29: 271-290.
- Berkman, H. et al. 2009. "Political Institutions, State Capabilities, and Public Policy: An International Dataset." Washington, DC: Inter-American Development Bank. Available at: http://www.iadb.org/res/pub_desc.cfm?pub_id=DBA-012
- Bertelsmann Transformation Index (2006). Available at <http://bti2006.bertelsmann-transformation-index.de/>
- Booth, J.A., and M.A. Seligson. 2008. "Inequality and Democracy in Latin America: Individual and Contextual Effects of Wealth on Political Participation." In: A. Krishna, editor.

- Poverty, Participation, and Democracy: A Global Perspective*. Cambridge, United Kingdom: Cambridge University Press.
- Borjas, G.J. 1982. "On Regressing Regression Coefficients." *Journal of Statistical Planning and Inference* 7(2):131-137.
- Carey, J.M. 2000. "Parchment, Equilibria, and Institutions." *Comparative Political Studies* 33 (6-7): 735-761.
- Diermeier, D., M.P. Keane and A.M. Merlo. 2005. "A Political Economy Model of Congressional Careers." *American Economic Review* 95(1): 347-373.
- Eckstein, S., and M.A. Garretón Merino. 2001. *Power and Popular Protest: Latin American Social Movements*. Berkeley, United States: University of California Press.
- Evia, J.L., R. Laserna and S. Skaperdas. 2008. "Socio-Political Conflict and Economic Performance in Bolivia." La Paz, Bolivia: Universidad Católica Boliviana. Mimeographed document. Available at:
<http://www.socsci.uci.edu/~sskaperd/ESL0208.pdf>
- Gasparini, L. et al. 2008. "Income, Deprivation, and Perceptions in Latin America and the Caribbean: New Evidence from the Gallup World Poll." La Plata, Argentina: Universidad Nacional de la Plata, Centro Centro de Estudios Distributivos, Laborales y Sociales. Available at: <http://www.iadb.org/res/publications/pubfiles/pubS-890.pdf>
- Gelman, A., and J. Hill. 2006. *Data Analysis Using Regression and Multilevel/Hierarchical Models*. Cambridge University Press.
- Gingerich, D. 2009. "Corruption and Political Decay: Evidence from Bolivia." *Quarterly Journal of Political Science* 4(1): 1-34.
- Grossman, G., and E. Helpman. 2001. *Special Interest Politics*. Cambridge, United States: MIT Press.
- Hanushek, E.A. 1974. "Efficient Estimators for Regressing Regression Coefficients." *American Statistician* 28(2): 66-67.
- Hipsher, P.L. 1996. "Democratization and the Decline of Urban Social Movements in Chile and Spain." *Comparative Politics* 28(3): 273-297.
- Huber, J.D., G. Kernell and E.L. Leoni. 2005. "Institutional Context, Cognitive Resources and Party Attachments across Democracies." *Political Analysis* 13: 365-386.

- Inter-American Development Bank (IDB). 2005. *The Politics of Policies*. Economic and Social Progress in Latin America and the Caribbean 2006 Report. Washington, DC, United States: IDB. Available online at: <http://www.iadb.org/res/ipes/2006/index.cfm?language=english>
- Jemio, L.C., F. Candia and J.L. Evio. 2009. "Reforms and Counterreforms in Bolivia." IDB Working Paper 103. Washington, DC, United States: Inter-American Development Bank, Washington DC.
- Jenkins, C.J., and B. Klandermans. 1995. *The Politics of Social Protest: Comparative Perspectives on States and Social Movements*. Minneapolis, United States: University of Minnesota Press.
- Jones, M.P. 2009. "The Role of Political Parties and Party Systems in the Policymaking Process." Forthcoming in: C. Scartascini, E. Stein and M. Tommasi, editors. *Political Institutions, Actors and Arenas in Latin American Policymaking*. Cambridge, United States: Harvard University Press.
- Jones, M.P. et al. 2002. "Amateur Legislators-Professional Politicians: The Consequences of Party-Centered Electoral Rules in Federal Systems." *American Journal of Political Science* 46(3): 656-669.
- Keohane, R. 1984. *After Hegemony: Cooperation and Discord in the World Political Economy*. Princeton, United States: Princeton University Press.
- Kiewiet de Jonge, C. 2009. "Corruption as a Mobilizing Grievance." Paper presented at the annual meeting of the Midwest Political Science Association 67th Annual National Conference, The Palmer House Hilton, Chicago, United States, April 2.
- Kirschbaum, R. 2009. "Crispación e Instituciones." *Diario Clarín*, August 21. Available at: <http://www.clarin.com/diario/2009/08/21/opinion/o-01982405.htm>
- Latin American Public Opinion Project (LAPOP). 2008. The AmericasBarometer Survey. Nashville, United States: Vanderbilt University. Available at: www.LapopSurveys.org
- Leoni, E.L. 2006. "Analyzing Multi-Country Survey Data: Results from Monte Carlo Experiments." New York, United States: Columbia University. Mimeographed document.
- Lewis, J.B., and D.A. Linzer. 2005. "Based on Estimates." *Political Analysis* 13: 345-364.

- Magaldi de Sousa, M. 2008. "Judicial Role in the Policy-Making Process and Public Policy in Latin America." Mexico City, Mexico: Centro de Investigación y Docencia Económicas. Mimeographed document.
- Mejía Acosta et al. 2008. "Veto Players, Fickle Institutions and Low Quality Policies: The Policymaking Process in Ecuador." In: E. Stein et al. editors. *Policymaking in Latin America: How Politics Shapes Policies*. Cambridge, United States: Harvard University: David Rockefeller Center for Latin American Studies.
- Mihaly, A. 2006. "Explicando la Renuncia Forzada del Presidente Sánchez de Lozada en Octubre de 2003." In: N. Robins, editor. *Conflictos Políticos y Movimientos Sociales en Bolivia*. La Paz, Bolivia: Plural Editores
- Opp, K-D. et al. 1995. "Left-Right Ideology and Collective Political Action: A Comparative Analysis of Germany, Israel, and Peru." In: C.J. Jenkins and B. Klandermans. *The Politics of Social Protest: Comparative Perspectives on States and Social Movements*. Minneapolis, United States: University of Minnesota Press.
- Persson, T., and G. Tabellini. 2000. *Political Economics: Explaining Economic Policy*. Cambridge, United States: MIT Press.
- Pierson, P. 2004. *Politics in Time: History, Institutions, and Social Analysis*. Princeton, United States: Princeton University Press.
- Przeworski, A. 2005. "Democracy as an Equilibrium." *Public Choice* 123: 253-273.
- . 2009. "Representative Institutions, Political Conflicts, and Public Policies." New York, United States: New York University. Mimeographed.
- Saiegh, S. 2009. "Active Players or Rubber Stamps? An Evaluation of the Policy-Making Role of Latin American Legislatures." Forthcoming in: C. Scartascini, E. Stein and M. Tommasi, editors. *Political Institutions, Actors and Arenas in Latin American Policymaking*. Cambridge, United States: Harvard University Press.
- Scartascini, C. 2008. "The People's Choice? The Role of Opinions in the Policymaking Process." In: *Beyond Facts: Understanding Quality of Life*. Development in the Americas 2008 Report. Washington, DC, and Cambridge, United States; Inter-American Development Bank and Harvard University Press.
- Scartascini, C., and E. Stein. 2003. "The Bolivian Budget: A Year-Long Bargaining Process." Washington, DC, United States: Inter-American Development Bank and World Bank.

- Scartascini, C., and M. Tommasi. 2009. "The Making of Policy: Institutionalized or Not?" IDB Working Paper 108. Washington, DC, United States, Inter-American Development Bank.
- Scartascini, C., E. Stein and M. Tommasi. 2009. "Political Institutions, Intertemporal Cooperation, and the Quality of Policies." Research Department Working Paper 676. Washington, DC, United States: Inter-American Development Bank.
- Scartascini, C., L. Trucco and M. Tommasi. 2009a. "Alternative Political Technologies and the Workings of Institutions." Buenos Aires, Argentina: Universidad de San Andrés. Mimeographed document.
- . 2009b. "The Median Protester Theorem." Buenos Aires, Argentina: Universidad de San Andrés. Mimeographed document.
- Shepsle, K., and B. Weingast. 1995. *Positive Theories of Congressional Institutions*. Ann Arbor, United States: University of Michigan Press.
- Spiller, P.T., and M. Tommasi. 2007. *The Institutional Foundations of Public Policy in Argentina*. Cambridge, United Kingdom: Cambridge University Press.
- . 2008. "Political Institutions, Policymaking Process, and Policy Outcomes in Argentina." In: E. Stein et al., editors. *Policymaking in Latin America: How Politics Shapes Policies*. Cambridge, United States: Harvard University, David Rockefeller Center for Latin American Studies.
- Stein, E., and M. Tommasi. 2007. "The Institutional Determinants of State Capabilities in Latin America." In: F. Bourguignon and B. Pleskovic, editors. *Annual World Bank Conference on Development Economics Regional: Beyond Transition*. Washington, DC, United States: World Bank.
- Stein, E. et al., editors. 2008. *Policymaking in Latin America: How Politics Shapes Policies*, Cambridge, United States: Harvard University, David Rockefeller Center for Latin American Studies.
- Tommasi, M. 2008. "Un País sin Rumbo: Política, Políticas Públicas y Desarrollo en Argentina (con una Leve Comparación al Caso Chileno)." Buenos Aires, Argentina: Universidad de San Andrés. Mimeographed document.
- Trucco, L. 2009. "Instituciones y Tecnologías Políticas Alternativas en los Procesos de Policymaking." Buenos Aires, Argentina: Universidad de San Andrés, Departamento de Economía. Master's thesis.

- Urbiztondo, S. et al. 2009. "The Political Economy of Productivity in Argentina: Interpretation and Illustration." IDB Working Paper 102. Washington, DC, United States: Inter-American Development Bank.
- Wantchekon, L. 2000. "Credible Power-Sharing Agreements." *Constitutional Political Economy* 11(4): 329-352.
- Weingast, B.R. 2002. "Rational Choice Institutionalism." In: I. Katznelson and H. Milner, editors. *Political Science: The State of the Discipline*. New York, United States: W.W. Norton.
- Weingast, B., and W. Marshall. 1988. "The Industrial Organization of Congress or, Why Legislatures, like Firms, Are Not Organized as Markets?" *Journal of Political Economy* 96(11): 132-163.
- Zuñiga, L., and M. Iacoviello. 2009. "The Bureaucracy in Latin America." Forthcoming in: C. Scartascini, E. Stein and M. Tommasi, editors. *Political Institutions, Actors and Arenas in Latin American Policymaking*. Cambridge, United States: Harvard University Press.