

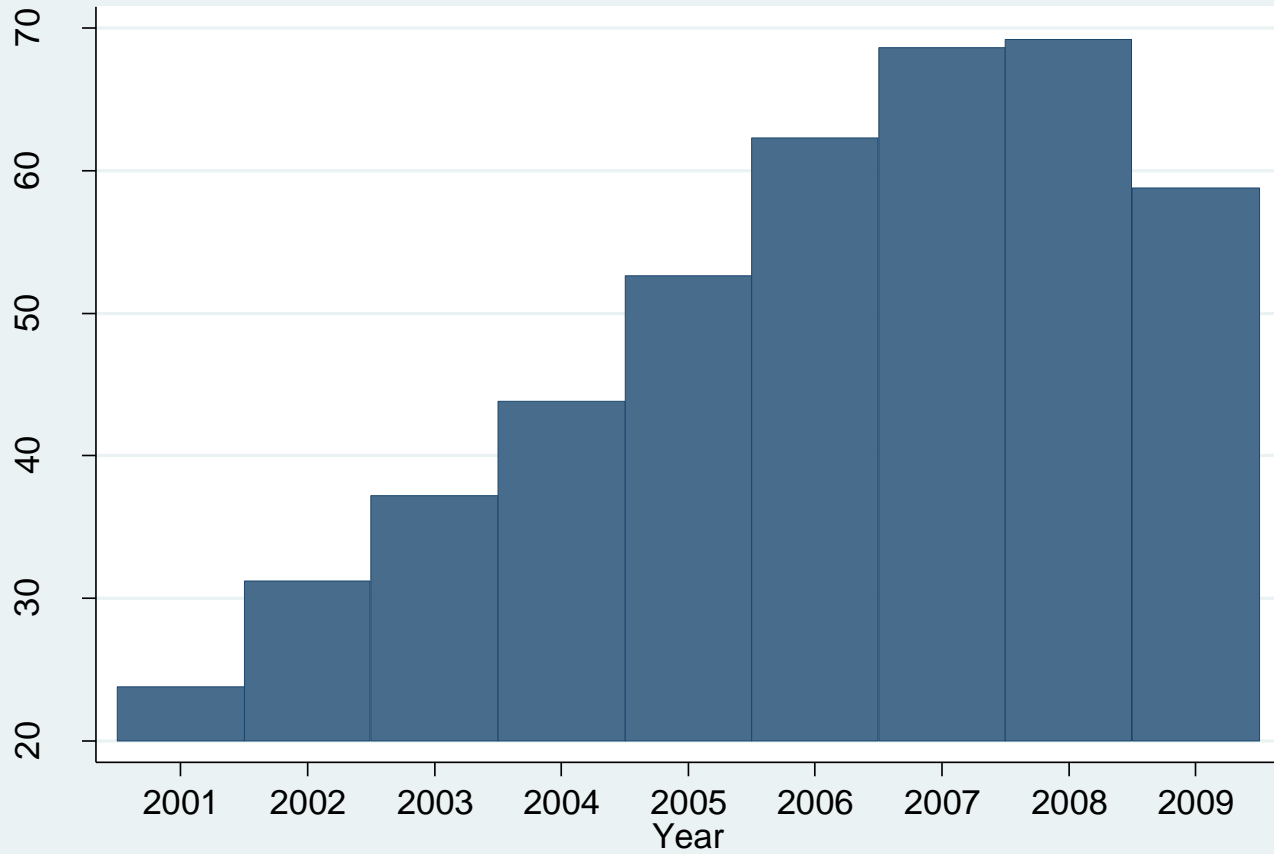
Credit where credit is due?
Remittances, economic assessments
and presidential approval in Latin
America

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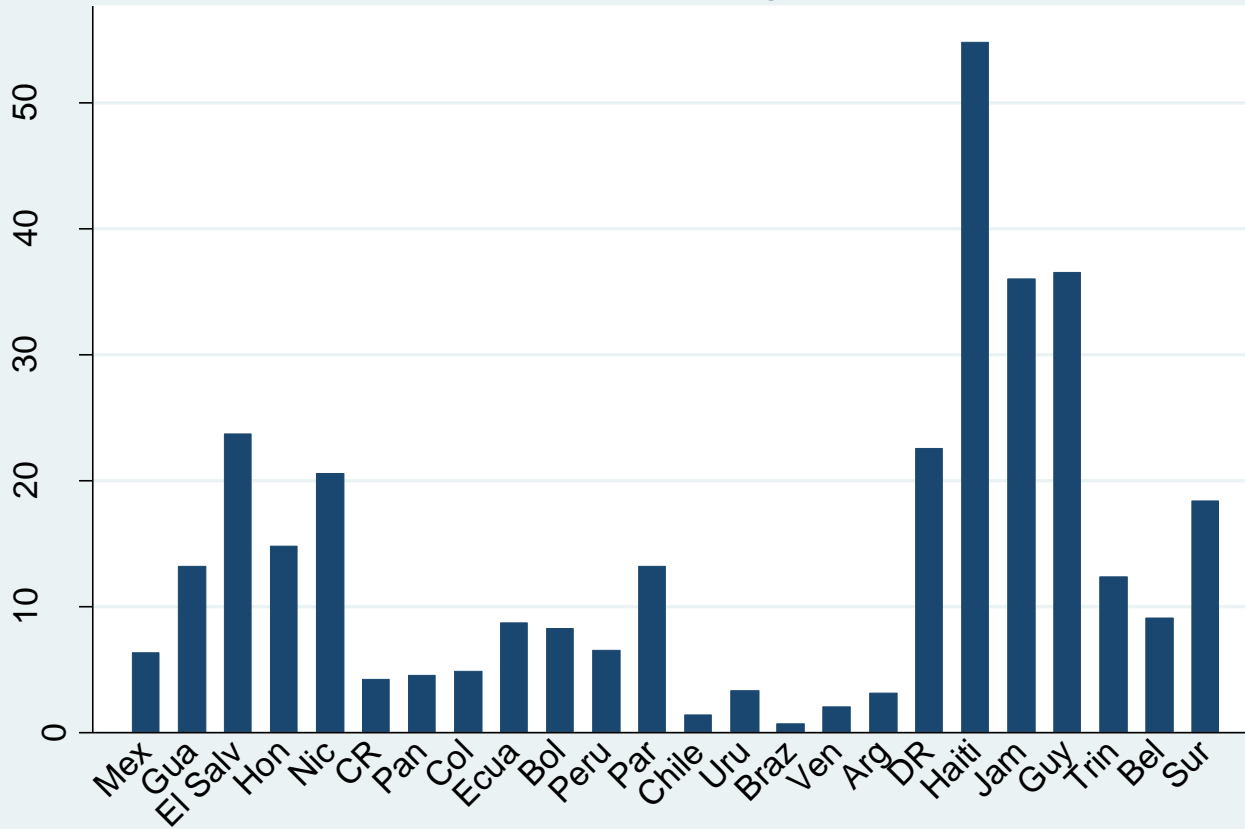
Remittances

- Remittances = private-to-private (usually intra-family) income transfers
- Latin America and the Caribbean: relatively high prevalence of remittances

Remittances in Latin America and the Caribbean



Share of households receiving remittances in 2010



Remittances and mass politics

- Do remittances influence citizens' political behavior?

Empirical questions

- Do remittances influence a recipient's assessment of her *household's* economy?
- Do remittances influence, too, a recipient's assessment of her *country's* economy?
- Do remittances ultimately influence presidential approval and vote choice?
 - Via economic assessments
 - Through other channels?

Conjectures

- Remittances “color” citizens’ economic assessments
- Stable non-earned income in the form of remittances will lower the covariance between an individual’s expected income and the state of the domestic economy.

Significance and related literatures (1)

- Does information irrelevant to government performance (i.e. remittances) affect citizens' political judgments about sitting governments?
- Important implications for democratic accountability

Significance and related literatures (2)

- Related literature: voters are influenced by events unrelated to incumbent performance such as natural disasters
 - An important wrinkle?
- Remittances: no meddling from governments. Although migration precedes remittances.
 - A less important wrinkle?

Significance and related literatures (3)

- Contribute towards mitigating important gaps in two literatures
 - IPE/globalization
 - Migration and politics

Data and empirical modeling

- Individual-level survey data for 23 countries in Latin America and the Caribbean, for year 2010.
- Strategy: individual-level models with country-level fixed effects.

Remittances and economic assessments

- Remittances → recipient's perception of her household's economy.
- Remittances → recipient's perception of the country's economy.

	Household's economy		Country's economy	
	Model 1	Model 2	Model 3	Model 4
Wealth index	0.055***	0.054***	0.017***	0.016***
	(0.002)	(0.002)	(0.002)	(0.002)
Education (years)	0.017***	0.017***	0.007***	0.007***
	(0.001)	(0.001)	(0.001)	(0.001)
Age (years/10)	-0.037***	-0.037***	-0.019***	-0.019***
	(0.003)	(0.003)	(0.003)	(0.003)
Rural	0.062***	0.062***	0.041***	0.041***
	(0.010)	(0.010)	(0.011)	(0.011)
Female	-0.023***	-0.023***	-0.114***	-0.116***
	(0.008)	(0.008)	(0.009)	(0.009)
Crime victim	-0.094***	-0.095***	-0.117***	-0.117***
	(0.010)	(0.010)	(0.011)	(0.011)
Bribe demanded	-0.045***	-0.048***	-0.087***	-0.090***
	(0.013)	(0.013)	(0.014)	(0.014)
Unemployed	-0.321***	-0.319***	-0.125***	-0.126***
	(0.015)	(0.015)	(0.017)	(0.017)
Party ID: non-incumbent	-0.006	-0.007	-0.016	-0.017
	(0.011)	(0.011)	(0.012)	(0.012)
Party ID: incumbent	0.111***	0.108***	0.195***	0.192***
	(0.012)	(0.012)	(0.013)	(0.013)
Remittances		0.065***		0.051***
		(0.013)		(0.015)
Constant	2.903***	2.900***	2.416***	2.416***
	(0.021)	(0.021)	(0.023)	(0.023)
Country fixed effects	Yes	Yes	Yes	Yes
Adj R2	0.119	0.119	0.154	0.154
RMSE	0.771	0.77	0.853	0.853
N (individuals)	38373	38147	38292	38069
N (countries)	23	23	23	23

Remittances, economic assessments, and presidential approval

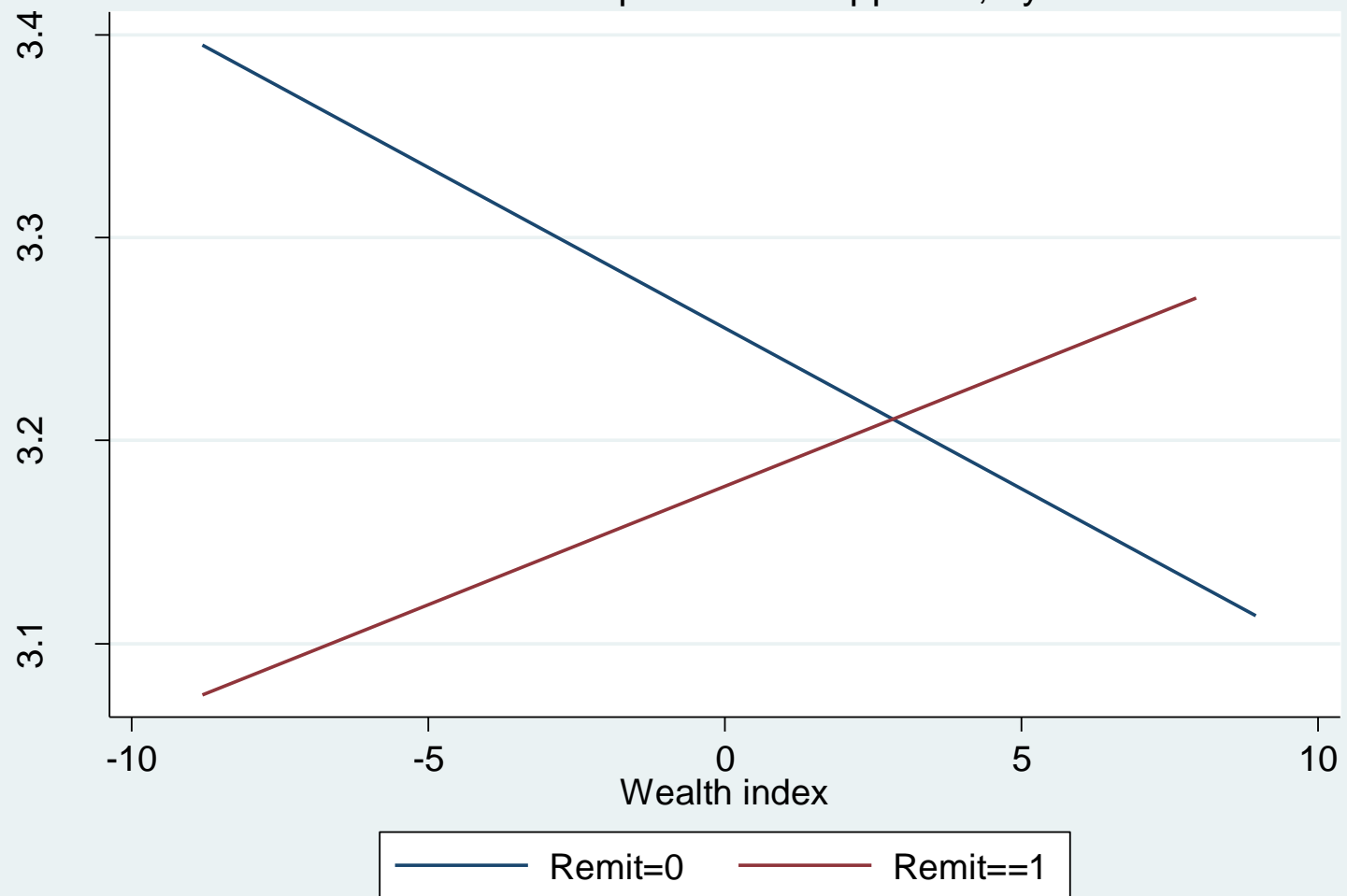
- Presidential approval = $f(\text{Remittances, controls})$
- Presidential approval = $f(\text{Remittances, economic assessments, controls})$

	Presidential approval				
	Model1	Model2	Model3	Model4	Model5
Wealth index	-0.006*** (0.002)	-0.007*** (0.002)	-0.020*** (0.002)	-0.012*** (0.002)	-0.018*** (0.002)
Education (years)	-0.002 (0.001)	-0.001 (0.001)	-0.005*** (0.001)	-0.004*** (0.001)	-0.005*** (0.001)
Age (years/10)	0.0001 (0.003)	0.001 (0.003)	0.009*** (0.003)	0.006* (0.003)	0.010*** (0.003)
Rural	0.050*** (0.011)	0.050*** (0.011)	0.037*** (0.011)	0.037*** (0.011)	0.033*** (0.011)
Female	0.011 (0.009)	0.01 (0.009)	0.013 (0.009)	0.045*** (0.009)	0.042*** (0.009)
Crime victim	-0.079*** (0.012)	-0.080*** (0.012)	-0.056*** (0.012)	-0.040*** (0.011)	-0.032*** (0.011)
Bribe demanded	-0.090*** (0.015)	-0.093*** (0.015)	-0.083*** (0.015)	-0.069*** (0.014)	-0.067*** (0.014)
Unemployed	-0.094*** (0.018)	-0.096*** (0.018)	-0.019 (0.018)	-0.056*** (0.017)	-0.021 (0.017)
Party ID: non-incumbent	-0.078*** (0.013)	-0.079*** (0.013)	-0.078*** (0.013)	-0.072*** (0.012)	-0.073*** (0.012)
Party ID: incumbent	0.521*** (0.013)	0.519*** (0.013)	0.493*** (0.013)	0.459*** (0.013)	0.452*** (0.013)
Remittances		0.044*** (0.015)	0.030* (0.015)	0.030** (0.015)	0.026* (0.015)
Household's economic assessment			0.236*** (0.006)		0.125*** (0.006)
Country's economic assessment				0.317*** (0.005)	0.276*** (0.006)
Constant	3.175*** (0.024)	3.173*** (0.024)	2.488*** (0.029)	2.407*** (0.026)	2.140*** (0.029)
Country fixed effects	Yes	Yes	Yes	Yes	Yes
Adj R2	0.196	0.195	0.229	0.27	0.279
RMSE	0.889	0.888	0.869	0.846	0.841
N (individuals)	37480	37268	37056	36994	36812
N (countries)	23	23	23	23	23

Beyond the effects of remittances via economic assessments...

- Stable non-earned income in the form of remittances will lower the covariance between an individual's expected income and the state of the domestic economy.
- This may dampen the political effects of a variety of economic shocks/variables.
- Evidence of interaction effects between remittances and economic variables such as wealth (shown) and unemployment (not shown) in models of presidential approval

Effect of wealth index on presidential approval, by remittances



Remittances and voting

- Effect of remittances upon voting (for incumbent or not) is very similar to that found in models of presidential approval

	Voting for incumbent, logit models			
	Model1	Model2	Model3	Model4
Wealth index	-0.018***	-0.020***	-0.035***	-0.021***
	(0.006)	(0.006)	(0.006)	(0.007)
Education (years)	-0.008**	-0.008**	-0.012***	-0.012***
	(0.004)	(0.004)	(0.004)	(0.004)
Age (years/10)	0.054***	0.054***	0.069***	0.060***
	(0.008)	(0.008)	(0.009)	(0.009)
Rural	0.192***	0.189***	0.168***	0.165***
	(0.029)	(0.029)	(0.029)	(0.032)
Female	-0.056**	-0.060**	-0.012	-0.024
	(0.025)	(0.025)	(0.025)	(0.027)
Crime victim	-0.069**	-0.074**	-0.016	0.001
	(0.032)	(0.032)	(0.032)	(0.035)
Bribe demanded	-0.045	-0.055	-0.028	0.025
	(0.039)	(0.040)	(0.040)	(0.044)
Unemployed	-0.146***	-0.155***	-0.066	-0.074
	(0.047)	(0.048)	(0.049)	(0.053)
Factual political information	0.031**	0.030**	0.02	0.033**
	(0.015)	(0.015)	(0.015)	(0.017)
Remittances		0.145***	0.117***	0.102**
		(0.039)	(0.040)	(0.043)
Household's economic assessment			0.130***	0.019
			(0.017)	(0.019)
Country's economic assessment			0.379***	0.151***
			(0.016)	(0.017)
Presidential approval				1.005***
				(0.018)
Constant	-1.534***	-1.522***	-2.753***	-5.382***
	(0.090)	(0.090)	(0.104)	(0.122)
Country fixed effects	Yes	Yes	Yes	Yes
II	-2.06E+04	-2.05E+04	-1.97E+04	-1.73E+04
N (individuals)	36653	36428	35932	35015
N (countries)	23	23	23	23

Implications

- Because access to remittances 1) colors economic assessments, and 2) reduces the covariance between a household's expected income and the state of the domestic economy, remittances may act as a buffer between incumbents and (some) citizens
- Governments may face less stringent citizen scrutiny when it comes to some forms of democratic accountability (i.e. economic voting)

Looking ahead

- Think harder: mechanisms at work and observable implications
- More flexible modeling strategy
 - Allow for random intercepts/slopes
 - Country level predictors and contextual effects

Thank you