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Income Inequality and Satisfaction with Democracy:

Evidence from East Asia

Chin-en Wu
Yun-han Chu

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Contact Information

Asian Barometer Project Office

Department of Political Science

National Taiwan University

21 Hsu-Chow Road, Taipei, Taiwan 100

Tel: 886 2-2357 0427

Fax: 886-2-2357 0420

E-mail: asianbarometer@ntu.edu.tw

Website: www.asianbarometer.org

Income Inequality and Satisfaction with Democracy: Evidence from East Asia

In East Asia, democracy has to compete not only with its predecessor that still lingers on in people's memory (sometimes in a nostalgic way) but also with its efficacious authoritarian and semi-authoritarian neighbors. In this context, the democratic future of East Asia depends on the performance of the region's existing democracies. If the perceived quality of democracy fails to live up to people's expectation, democracy will not be able to win over the heart of the people in the long run. Also, if democracy does not shine in the eyes of the people of East Asia, its demonstration effect will be very limited and the region's further democratization will be cast in doubt. In this context, it is utmost important to understand how citizens perceive and evaluate the performance of democracy in the region's existing democracies.

What factors influence citizens' evaluation of democratic performance? Comparative studies showed that citizens' confidence with government and democracy dropped greatly over the past few decades across western democracies. On the other hand, increasing unemployment rates and worsening income distribution is also a significant trend in western democracies during the era of globalization. Similarly, although most East Asian countries have recovered from the 1997 financial crises, uneven distribution of income also posts a challenge to East Asian democracies. The ratio of income of the highest quintile to those of the lowest quintile increases in this region in the past decade.

People all agree that citizens should have the level of income necessary to subsist in a society. As can be see in Table 1, people who perceive that some people in their

countries do not have basic necessities like food, clothes, and shelter tend to think the democracy does not function well. Since income distribution influence democratic satisfaction and support for democracy, so it is important to understand the causal linkages between income disparity and the perceived democratic performance. This paper intends to explore how income dispersion affects democratic confidence. Will worsening income distributions reduce citizens' trust in government and democracy?

<Table 1 about here>

To explore the effects of different factors on democratic quality, this paper uses the second-wave East Asia Barometer (EAB thereafter) survey data. The second wave EAB was conducted in 2006, covering seven East Asia countries, namely Mongolia, Philippine, South Korea, Taiwan, Singapore, Indonesia, and Thailand. Since Singapore is not a democracy, we include only the other seven countries.

This paper is organized into five sections. The first section reviews democratic performance from the quality of democracy literature and discusses the definition of various standards of the quality of democracy. The second section places assessment of democratic performance in the context of political support. The third section discusses the determinants of democratic performance by focusing on two sets of income variables: household income and income distribution. The operationalization of the former includes household income and subjective social status, and the latter includes the Gini coefficient, the kurtosis of household income and the subjective assessment of income distribution. The fourth section empirically examines the causal relation between these two sets of variables and the perceived democratic performance. This section will also examine the relationship between income variables and endorsing democracy. Drawing on the empirical finding, the final

section discusses the implication.

The Quality of Democracy

Since the beginning of third wave democratization, the majority of world's states have become democracies. The democracy literature first concerns the causes and paths of democratic transitions and then the conditions and criteria of democratic consolidation. In recent years, as most new democracies in the Third Wave have consolidated, there is a growing interest in defining and assessing the quality of democracy, i.e., how well does a democracy work (Diamond and Morlino 2005).¹ The assessment of democratic performance is an important dimension of the quality of democracy.

Despite the emerging interests in democratic quality, scholars of this subject lack a clear consensus about the standards of assessing a good democracy. To name a few, Lijphart (1999), Powell Jr. (2000), Altman and Perez-Linan (2002), Putnam (1993), and Diamond and Morlino (2005) propose various standards that are largely overlapping but are not exactly the same. The most complete and thorough discussion of this topic up to date might be Diamond and Morlino (2005)'s edited volume. Based on their standards, a good democracy or a high-quality democracy is defined as one in which citizens enjoy high degree of freedom and political equality, popular control over decision-maker and policies, and a stable and well-observed political and legal institutions (Diamond and Morlino 2005).

Following the definition, we can identify several important dimensions of the quality of democracy recognized by most scholars. A good democracy first guarantees individual freedom under which citizens are free to express their views, to campaign,

¹ To be qualified as a democracy, a country has to meet a number of requirements: universal suffrage, free and fair elections, and multi-party competition (Diamond and Morlino 2005). However, a democracy meets merely these elements is only qualified as an electoral democracy but not a liberal democracy or a good democracy.

and to organize civil groups and parties. Good democracy also requires equality in the sense that individual citizens or any social groups are treated equally before law. The third element of the quality of democracy is the notion of accountability, both vertical accountability and horizontal accountability. The last but is also likely to be the most important element determining the quality of democracy is the degree of the rule of law.

The above discussion of the quality of democracy involves mainly the procedural part. One can also assess the quality of democracy from the result dimension by focusing on responsiveness. This dimension concerns the extent governments respond to the expectation, interests, and demands of citizens. Higher degree of responsiveness is surely likely to increase citizens' satisfaction with democratic system. This dimension is in part decided by the quality of the other dimensions. A democracy where citizens enjoy full freedom and equality, state officials respects the laws, and decision-makers are answerable to citizens and to legislature is likely to have a responsive government.² This optimistic view has one major caveat, however. For some policy issues, if the preferences of citizens are different, a question arises immediately: to whom should the government respond. There is no way government can satisfy voters with diverse positions in issues spectrum. Governments, therefore, tend to choose to respond to the position of medium voters and leave voters in the two ends less pleased.

The responsiveness of government directly influences the extent to which citizens are satisfied with the performance of democracy. Diamond and Morline (2005) propose a measure of responsiveness: "On the whole, how satisfied or dissatisfied are you with the way democracy works in our country." Hence, other than asking

² Nevertheless, in the era of globalization and excessive public debts, governments' capacity to respond to citizens' demand is severely curtailed.

respondents to rate the responsiveness of government directly, “satisfaction with democracy” is likely to be a good alternative to estimate the result dimension.

Democratic Trust

We can also understand satisfaction with democracy from the perspective of political trust because the former is just one level of political trust. Trust in general is important for participants to overcome collective action problems and to produce sound policies and good governments (Putnam 2000). Political trust is how people believe that governments will fulfill its obligation by way of the power that citizens delegate to them. Sufficient political trust allows authorities to govern without seeking prior approval in each instance. Thus, political trust, among other things, is regarded as essential for governments to pursue beneficial but painful policies (Gramson 1968, Easton 1975). Low trust, in contrast, contribute to lower approval rates and then undermines governments’ ability to solve problems (Hetherington 1998).

Easton (1965) nicely distinguished between diffuse and specific support. Specific support refers to the evaluation of the performance of a specific government, while diffuse support refers to the evaluation of regime as a whole.³ Political trust essentially is embodied in two levels: trust in incumbent governments and trust in political regimes (democracy or authoritarian regimes). Norris (1999) further distinguishes political support in political regime into two levels, satisfaction with the performance of democracy and the support for democracy. Political support in the lower level is going to influence the support in the higher level. People’s evaluation of governments is correlated with their satisfaction with democracy (Anderson and

³ It is difficult to differentiate between approval and political trust. A high approval rate of a political actor is likely to contribute to the higher political trust in this actor and office. Conversely, higher political trust, as Hetherington suggested (1998), allows political actors to commit support and get things done. Thus, high political trust may contribute to growth in approval rates.

Guillory 1997) and then regime legitimacy (Miller 1974). Poor satisfaction with democracy is likely to reduce citizens' adherence to democracy. In new democracies, in particular, low trust in democracy tends to increase the chance of democratic breakdowns.

Determinants of Democratic Satisfaction

Other than the cultural factors, institutional confidence is determined mainly by the institutional outputs and performance (McAllister 1999; Sarsfield and Echegaray 2005). Human capital, health condition, and macroeconomic performances all have major impacts on democratic satisfaction (McAllister 1999). Among macroeconomic variables, GDP per capita growth rate, unemployment rate, and inflation rate all affect the evaluation towards government. Poor economic performance tends to undermine the support for incumbent government and then erode the confidence in democratic institutions.

It is widely accepted that people enjoying higher level of material affluence tend to appreciate the performance of democratic regime better, while people who perceive their material interests fare significantly worse than others may become disappointed about the democratic system (Wagner Dufour, and Schneider 2003). This conventional wisdom is, however, problematic because the wealthy citizens do not necessarily attribute their material well-being to democracy. Moreover, they may even complain about the redistributive policies under democracy. Bases on EAB survey, we find that income levels per se are not a significant predictor of democratic satisfaction.⁴ This essentially suggests that the relationship between household income and assessment of democracy is not linear or the former does not have an

⁴ The finding is based on the model specifications in Table 2. Both OLS and HLM estimation report insignificant result.

effect on the latter

To check the relationships between household incomes and satisfaction with democracy, we need to explore the preference and utility of different income groups. We first assume that median income voter is the median voter in social welfare issues. The wealthy voters want to pay less tax and the less well-off voters want to get more transfer. We can also assume that all transfers are financed mainly by tax and there is a ceiling by which government can finance transfer by deficit budget. Great income inequality constrains governments' ability to respond to citizen demands. In the era of globalization, the issues of aging population, unemployment, and immigration all pose challenges for governments. If government can finance all transfer without limit by borrowing money, then it can easily please the poor voters without irritate the wealthy voters. However, increasing budgetary deficits and free movement of capital across borders render governments today unable to find a sustainable solution to meet various demands. Governments can please all voters only at the short run. Given these constrains, it is straightforward to infer that governments tend to respond to the preference of median voter

Given the distribution of income, compared to medium income holders, the rich and the poor will be less happy with the existing policies because both groups cannot get their desired policies. The medium income voter would like the wealthy voters to pay more tax, but worry that setting tax rates too high may harm their incentive to produce. On the other hand, medium income voters concern that good welfare program may reduce the poor voters' incentives to work. Therefore, medium voter's ideal point on this issue falls between that of the rich and poor voters. The rich are discontented because they are paying tax much higher than they prefer. The poor are also disappointed because the transfers they received are much below what they expect. Since income redistribution is one of the dominant policy issues in modern

democracies, other things being equal, compared to median income voter, the rich and the poor are likely to be less satisfied with the way democracy work.

As the income gap between different income groups increases, governments tend to face greater pressure to redistribute income. Meltzer and Richard (1981) argue that as income distribution worsens, the median income voter tends ask for larger redistribution of income. In their work, income distribution is operationalized as the ratio of mean voter income to median voter income. Under this situation, the wealthy voters are unhappier because they have to pay more. The poor voters are more disappointed as well, because of the perceived relative deprivation and also because they cannot get their desired transfer.

On the other hand, extremely unequal distribution of income, especially when a considerable share of the population living below or being close to the poverty line, could increase discontent with the performance of democracy. People, regardless of their income levels, tend to agree that everyone in their countries should have basic necessities like food, clothes, and shelter. Reducing poverty is, therefore, something governments should devote to. Fail to do so could cause crime, social instability, and vicious cycle of the underprivileged people. Although different income groups may come up with different solutions to reduce poverty, they all are likely to think that reducing extremely unequal distribution of income should be one of the governments' top priorities. Taken together, high levels of inequality engender greater citizens' disappointment with the perceived democratic performance.

Support for Democracy

People who are satisfied with democracy tend to express their support for democratic regime. Growing income disparity is, therefore, likely to plant the seed for popular discontent with democratic regimes. An immediate question arises: what is

the relationship between income distribution and democratic support? This question essentially involves two different parts. For individual income variable, the question is whether median income voter tends to endorse democracy more than the poor and rich voters? It is normally assumed that respondents with higher household income or higher subjective social status are more likely to prefer democratic form of governments. Under these assumptions, wealthy voters and poor voters are less satisfied with the way democracy work but the former tend to endorse democracy more than the later. The second question is whether the greater income inequality and the perceived income disparity are conducive to lower preference for democratic? We will examine these relationships in the empirical part.

Empirical Testing

Measurement

The empirical part aims at testing the impact of income distribution, both individual and aggregate, on the perceived democratic performance. We employ the question asking respondents “how satisfied or dissatisfied are you with the way democracy works in our country” to estimate people’s evaluation of the performance of democracy.

The main theoretically central variables are household income and income distribution. For personal wealth, EAB ask a set of related questions. For personal income, EAB does not have direct measure of respondents’ income; instead, EAB ask respondents to rate their monthly household incomes among a set of groups scored from low to high, counting all wages, salaries, pensions, dividends and other incomes that come in before taxes and other deduction, Next, EAB ask respondents to place their family on a scale form upper class to lower class. Subjective social status is

potentially an alternative measure of personal wealth.⁵ People's subjective social status is positively associated with their income levels, although these two variables are not the same. In terms of household wealth, the former is about both the flow and stock of wealth and the latter is more about the flow of wealth. Finally, EAB also ask if the total income of your household allow you to satisfactorily cover your needs.

There are, however, some answers that are rather odd or illogical among these personal wealth questions. First, some respondents reply that they earn the most household incomes in all five groups but belong to the lower classes, while some others reply that their incomes fall in the bottom group but belong to the upper classes.⁶ Second, some reply that their incomes fall in the upper groups but at the same time report that their incomes do not cover the needs and there are difficulties. Third, some respondents reply that they belong to the upper classes but their incomes do not cover the needs and there are difficulties. We skip these three groups with odd combination in the analysis because they are illogical. To capture the non-linearity, we employ quadratic form by including the income variable and its square, both for household income or subjective social status.

For measure of income dispersion we have three options, the Gini coefficient, the Kurtosis of reported monthly household income, and the subjective evaluation of income inequality, to proxy income distribution. The first two indicators are the aggregate indicators which gauge the distribution of income in a country. The Gini coefficient is extensively used index of income inequality, but its scores vary significantly in different sources, suggesting such data are not robust to different survey methods.⁷ The kurtosis of reported household income is basically a measure

⁵ The original variable of subjective social status is a ten-point scale and we recode it into a five-point scale. The main reason for recoding is that it is somewhat difficult and meaningless for respondents to distinguish the subtle differences.

⁶ If we keep these observations, the estimated results of income variables remain the same.

⁷ For example, Gini coefficients reported in CIA World Factbook (2006) and World Bank development

of the heaviness of the tails of a distribution. Heavy tailed distributions will have kurtosis greater than 3 and light tailed distributions will have kurtosis less than 3.⁸ Since the distribution of reported income is skewed toward the left, i.e. a majority replies that they belong to the middle to lower classes, higher score of kurtosis will denote greater income inequality. Actually, compared to the first wave EAB, the kurtosis of the second wave is in general greater in most countries that appeared in both surveys, with the only exception of Taiwan.⁹ For the subjective evaluation of income inequality, EAB do not directly ask respondents whether the gap between the rich and the poor have narrowed.¹⁰ Instead, EAB asks if they agree that people in their countries have basic necessities like food, clothes, and shelter.

There are two options to measure support for democracy. The first option is whether people think that democracy is preferable to any other kind of government under all circumstance. The alternative variable of support for democracy is a composite indicator created by EAB and is more comprehensive. This variable includes several dimensions of support for democracy. Specifically, these questions include unconditional support for democracy, whether democracy can not solve our society's problem, preference between democracy and economic development, democracy is suitable for our country, and to what extent do respondents want our country to be democratic now.

We then incorporate control variables into the model, beginning with the perceived government performance. Superior government performance is likely to boost confidence in democratic system. This variable is somewhat correlated with

indicators (2005) differ significantly. We use World bank data(2005).

⁸ The formulation to calculate kurtosis is as follows. Specify that $m2=(\text{Sum}(x-\bar{x})^2 / N)$ and $m4=(\text{Sum}(x-\bar{x})^4 / N)$, then kurtosis is $(m4 / m2^2)$. We can also use variance and skewness of the income distribution to capture the distribution of income. Empirically, kurtosis of reported income is a better predictor of satisfaction with democracy, so we use this formulation.

⁹ This finding is the result that excludes the illogical observations.

¹⁰ This variable is not asked in Hong Kong, so the total number of observations will reduce a bit if this question is included.

income distribution, so adding this variable into the empirical model will take away part of the explanatory power of income variables. This variable can also capture the loser of democratic competition effect indicated by Anderson and Guillory (1997) because supporter of the ruling party tend to endorse the performance of government better. We then include popular demand for liberal democracy, since higher demand for liberal democracy may contribute to good democracy. Because the survey does not directly measure popular demand, we construct a composite by taking the average of a battery of related questions. These questions are mainly about respondents' democratic values on various dimensions of liberal democracy, including political equality, political freedom, accountability, and rule of law. Appendix reports questions measuring popular demand for liberal democracy. This composite indicator has a range from 1 to 4, with higher values denote greater demand for liberal democracy.

Next, we then include economic evaluation since superior current economic conditions are likely to induce respondents to think that governments are responsive to people's need. Specifically, EAB asked the respondents to rate the overall present economic conditions, both national and family level. Finally, the control variables also include a set of demographic variables: gender, age, and levels of education. In addition, one may argue that higher per capita GDP are associated with greater satisfaction with the way democracy work. Per capita GDP is, however, not significant after adding into the models, so we leave it out.

Empirical results

Model 1 and 2 in Table 1 demonstrate the estimated OLS result. Among the control variables, citizens' satisfaction with the incumbent government tends to influence their assessment of democratic systems. higher personal democratic values are correlated with lower perceived democratic performance. Respondents with a

higher degree of aggregate demand for liberal democracy are associated with lower level of satisfaction with democracy. The main reason is that such group of citizens tends to judge the performance critically. For theoretically central variable, household income displays a quadratic relation, first rising and then falling. Respondents become more satisfied with the performance of democracy as household income increase, but become less satisfied as household income continue increasing. Compared with middle income respondents, the wealthy and the poor respondents are less satisfied with the way democracy work. Similar pattern of quadratic relation also exists between subjective social status and the perceived democratic performance.¹¹

<Table 2 about here>

Since the data we analyze contain two levels, countries and individual respondents, country specific attributes are likely to exist. Specifically, each country may have their unique constant term, or baseline value, and error term. To address this issue, we reestimate Model 1 and 2 by conducting hierarchical linear models (HLM hereafter). Specifically, we construct multilevel models by placing country-invariant variables as contextual variables and the remaining as individual-level variables and assume that each country has its unique error term. Since we have cases from only six countries, including too many aggregate-level variables will greatly reduce the degree of freedom.

As seen from Model 3 and 4, the quadratic term of household income levels are both significant. On the other hand, both variables of subjective social status remain intact as well. It shows that the pattern of quadratic form is robust to the inclusion of

¹¹ For subjective social status, except the illogical observations, we exclude some other observations that are also not so logical. This group includes those who reply that they belong to the middle classes but have difficulties covering their needs.

country specific error terms and constant terms. The Gini coefficient is significant in OLS estimation but not in the HLM estimation. It makes sense because the survey covers only 7 countries. Including the specification of unique country error terms tend to render the country-specific variable less significant.

We can also replace the Gini coefficient with the kurtosis of reported income to measure aggregate income distribution. As seen in Model 5 Table 3, personal income and its square remain significant in the HLM model. The coefficient of kurtosis of reported income is negative, denoting that unequal distribution of household income is associated with lower satisfaction with democratic performance. Compared to Model 4, the kurtosis of household income demonstrates itself a better predictor of democratic satisfaction than the Gini Coefficient. Alternatively, we use individual level variable to capture the inequality of income distribution. As shown in Model 6, respondents who disagree that people have basic necessities like food, clothes, and shelter tend to perceive that democracy works relatively worse, while other theoretically central variables remain intact.

<Table 3 about here>

Do respondents replying unsatisfied with the performance of democracy prefer other form of government to democracy? As seen in Model 7, wealthy respondents tend to think that Democracy is preferable to any other kind of government under all circumstance. This pattern applies to respondents with higher subjective social status as well. On the other hand, if we adding quadratic form of the reported income, the estimated result of the quadratic form is not significant, suggesting that different income holders detach their evaluation of democratic performance from their endorsement of regime types. One possible reason that the rich voters endorse

democracy may simply because they worry about the predatory power of dictatorship and then the insecure property rights.

On the other hand, as shown in Model 7, we also find that the greater perceived income disparity tend to reduce public adherence to democracy. Respondents who disagree that people in their countries have basic necessities like food, clothes, and shelter tend to endorse the democracy less. The kurtosis of reported income is not a significant predictor. Model 8 uses the composite indicator to capture citizens' support for democracy. The personal income is still positive but is not significant, still indicating that the rich do not endorse democracy less. The individual assessment of income inequality and the kurtosis of household income are both negative and significant. This indicates that the composite indicator as a more comprehensive measure of democratic support is better able to approximate the relationship between income inequality and citizens' support for democracy.

Finally, since satisfaction with democratic system is also a potential predictor of regime preference, we can also include the former into the model as a robustness check. Once satisfaction with democracy is included, the income variables and inequality assessments appeared in Model 7 and 8 remain intact.¹²

Conclusion

This paper explores citizens' satisfaction with democracy by focusing on household income and income distribution. We find that, compared to middle income holders, groups of the upper quintile and lower quintile income holders tend to be less satisfied with the democratic performance. This paper also finds that citizens' assessment of democratic performance drop when a country's income distribution

¹² In this case, for the effect of perceived income inequality, the coefficient of satisfaction with the democratic system is the indirect effect and the coefficient of perceived income inequality is the direct effect on the preference for democracy.

become more unequal, operationalized as either the Kurtosis of household income or the people's opinion on whether people have basic necessities like food, clothes, and shelter.

Worsening income distribution is a significant trend during the era of globalization. Our empirical finding would suggest that this trend is going to undermine citizens' trust in government and democracy. Democracy does not contribute to income disparity, but democracy has difficulty reducing it, especially when the mobility of capital and skilled labors across borders increase dramatically. There is no way democracy can be responsive and satisfy all social groups with different incomes. Transfer policy alone cannot satisfactorily reduce income inequality. Other measures such as structural reforms are required.

This paper also finds that respondents with higher household income or higher subjective social status are more likely to perceive democracy as preferable to other form of governments. Factors contribute to lower satisfaction with democracy does not necessarily decrease citizens' support for democracy. Although wealthy voters and poor voters are less satisfied with the way democracy work, the former tend to endorse democracy more than the later. The impoverished voters not only do not appreciate the performance of democracy but also endorse democracy less. Poverty in democracy, therefore, can still give rise to undemocratic forms of political participation such as riots. In addition, as the empirical test shows, greater perceived income disparity and higher kurtosis score is associated with lower satisfaction with democracy and is reducing citizens' endorsement of democracy. Taken together, skewed income distribution still poses a threat to democracy.

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Table 1. Income Distribution Evaluation and Satisfaction with Democracy

People have basic necessities like food, clothes, and shelter	Satisfaction with the way democracy works in our country?		Total
	not very satisfied, not at all satisfied	very satisfied, fairly satisfied	
Strongly agree	807 (35.21)	1,485 (64.79)	2,292 (100.00)
Somewhat agree	1,043 (29.38)	2,507 (70.62)	3,550 (100.00)
Somewhat disagree	907 (42.84)	1,210 (57.16)	2,117 (100.00)
Strongly disagree	400 (49.88)	402 (50.12)	802 (100.00)
Total	3,157 (36.03)	5,604 (63.97)	8,761 (100.00)

Percentage in parentheses.

Table 2 Estimated Effect of Popular Demand for Liberal Democracy on Democratic Satisfaction (Dependent variable: Satisfied with the way democracy work)

	Model 1	Model 2	Model 3	Model 4
Satisfied with the present government	.280*** (.014)	.280*** (.015)	.246*** (.013)	.260*** (.014)
Individual demand for liberal democracy	-.134*** (.025)	-.137*** (.028)	-.081*** (.023)	-.096*** (.026)
Gender	.057*** (.019)	.073*** (.021)	.065*** (.019)	.075*** (.020)
Age	.001 (.001)	.000 (.001)	.000 (.001)	.000 (.001)
Education	.000 (.005)	-.004 (.005)	-.006 (.005)	-.009 (.005)
Economic evaluation (Country)	.071*** (.012)	.070*** (.013)	.072*** (.011)	.073*** (.012)
Economic evaluation (Family)	.032** (.013)	.039* (.015)	.070*** (.013)	.078*** (.014)
Household income	.214*** (.036)		.082** (.036)	
Household income (Square)	-.035*** (.006)		-.014** (.006)	
Subjective Social status		.266*** (.054)		.118** (.050)
Subjective Social Status (Square)		-.041*** (.009)		-.018** (.009)
Gini coefficients	-.015*** (.002)	-.013*** (.002)	-.015 (.011)	-.013 (.011)
Constant	3.699*** (.137)	3.509*** (.162)	3.555*** (.473)	3.488*** (.458)
Variance component				
Contextual level			.160	.152
Individual level			.654	.646
N	5000	4095	5000	4095
R ²	0.19	0.20		

Note: Model 1-2: OLS with robust standard error in parentheses. Model 3-4: Multilevel 3regression with standard error in parentheses. *p<.1; ** p<.05; ***p<.01; All tests are two-tailed.

Table 3 Estimated Effect of Popular Demand for Liberal Democracy on Democratic Satisfaction and Endorsement of Democracy (Dependent variable: Model 5-6: Satisfied with the way democracy work; Model 7: Democracy is preferable to any other kind of government; Model 8: The composite indicator of democratic support)

	Model 5	Model 6	Model 7	Model 8
Satisfied with the present government	.246*** (.013)	.246*** (.013)	.061*** (.014)	.168*** (.023)
Individual demand for liberal democracy	-.080** (.023)	-.067** (.023)	.094*** (.026)	.196*** (.043)
Gender	.065*** (.019)	.060** (.019)	.050** (.021)	.076** (.034)
Age	.001 (.001)	.000 (.001)	.002** (.001)	.003** (.001)
Education	-.005 (.005)	-.005 (.005)	.037*** (.005)	.056*** (.009)
Economic evaluation (Country)	.071*** (.011)	.070*** (.011)	.012 (.013)	.070** (.020)
Economic evaluation (Family)	.070*** (.013)	.070*** (.013)	.018 (.014)	.040* (.023)
Household income	.082** (.036)	.076** (.036)	.020** (.009)	.009 (.015)
Household income (Square)	-.014** (.006)	-.013** (.006)		
Kurtosis of household income	-.095** (.041)	-.105** (.042)	-.034 (.051)	-.190** (.087)
Basic necessities		-.042** (.012)	-.057*** (.014)	-.110*** (.022)
Constant	3.234*** (.161)	3.334*** (.164)	2.133*** (.189)	3.312*** (.319)
Variance component				
Contextual level	.131	.132	.161	.275
Individual level	.654	.653	.721	1.131
N	5000	4957	4842	4464
R ²				

Note: Model 7: OLS with robust standard error in parentheses. Model 5.6.8.9: Multilevel regression with standard error in parentheses. *p<.1; ** p<.05; ***p<.01; All tests are two-tailed.

Appendix

Survey Questions and Coding

A. Personal Income and Perceived Income Distribution

SE019) In what group your household on average is, counting all wages, salaries, pensions, dividends and other incomes that come in before taxes and other deduction. (1 stands for the lowest quintile and 5 stands for the highest quintile).

SE9a) Does the total income of your household allow you to satisfactorily cover your needs? (1 Our income covers the needs well, we can save, 2 Our income covers the needs all right, without much difficulty, 3 Our income does not cover the needs, there are difficulties, 4 Our income does not cover the needs at all, there are great difficulties).

SE017) People sometimes think of the social status of their families in terms of being high or low. Where would you place your family on the following scale? (1 stands for the lowest status and 10 stands for the highest).

Q109) People have basic necessities like food, clothes, and shelter. (1 Strongly Agree, 2 Somewhat Agree, 3 Somewhat Disagree, 4 Strongly Disagree).

B. Perceived Democratic Performance

Q98) On the whole, how satisfied or dissatisfied are you with the way democracy works in our country. (1 Very satisfied, 2 Fairly satisfied, 3 Not very satisfied, 4 Not at all satisfied.).

C. Government Assessment

Q104) How satisfied or dissatisfied are you with the [name of president, etc. ruling current] government? (1 Very dissatisfied, 2 Somewhat dissatisfied, 3 Somewhat satisfied, 4 Very satisfied).

D. Support for Democratic Legitimacy

Q101) To what extent would you want our country to be democratic now? (1 stands for the lowest status and 10 stands for the highest)

Q103) Democracy is suitable or nor suitable for our country. (1 stands for the lowest status and 10 stands for the highest)

Q117) Which of the following statement comes closest to your view: “Democracy is preferable to any other kind of government under all circumstance, or sometimes

authoritarian regime can be more preferable, or I don't care if we have a democratic or non-democratic form of government. (1 It is essential that the [country] remains one nation, 2 Parts of the [country] should be allowed to become fully separate states if they choose to).

Q118) Democracy is capable of solving the problems of our society. (1 Very capable, 2 Capable, 3 Not capable, 4 Not at all capable).

Q119) Relative importance of democracy and economic development. (1 Economic development is definitely more important, 2 economic development is somewhat more important, 3 democracy is somewhat more important, 4 democracy is definitely more important)

E. Popular Demand for Liberal Democracy

Freedom and Equality

Q134) The government should decide whether certain ideas should be allowed to be discussed in society.* (1 Strongly Agree, 2 Somewhat Agree, 3 Somewhat Disagree, 4 Strongly Disagree).

Q135) Harmony of the community will be disrupted if people organize lots of groups.* (1 Strongly Agree, 2 Somewhat Agree, 3 Somewhat Disagree, 4 Strongly Disagree).

Q139) If people have too many different ways of thinking, society will be chaotic.* (1 Strongly Agree, 2 Somewhat Agree, 3 Somewhat Disagree, 4 Strongly Disagree).

Accountability

Q133) Government leaders are like the head of a family; we should all follow their decisions.* (1 Strongly Agree, 2 Somewhat Agree, 3 Somewhat Disagree, 4 Strongly Disagree).

Q137) If the government is constantly checked [i.e. monitored and supervised] by the legislature, it cannot possibly accomplish great things.* (1 Strongly Agree, 2 Somewhat Agree, 3 Somewhat Disagree, 4 Strongly Disagree).

Rule of Law

Q125) When the country is facing a difficult situation, it is ok for the government to disregard the law in order to deal with the situation.* (1 Strongly Agree, 2 Somewhat Agree, 3 Somewhat Disagree, 4 Strongly Disagree)

Q136) When judges decide important cases, they should accept the view of the executive branch.* (1 Strongly Agree, 2 Somewhat Agree, 3 Somewhat Disagree, 4 Strongly Disagree)

Q145) The most important thing for a political leader is to accomplish his goals even if he has to ignore the established procedure.* (1 Strongly Agree, 2 Somewhat Agree, 3 Somewhat Disagree, 4 Strongly Disagree)

* Disagreement to these items is recorded as endorsement of liberal democratic values.

F. Economic Evaluation

Q001) How would you rate the overall economic condition of our country today? (1 Very good, 2 Good, 3 So so(not good nor bad), 4 Bad, 5 Very bad).

Q004) As for your own family, how do you rate your economic situation today? (1 Very good, 2 Good, 3 So so(not good nor bad), 4 Bad, 5 Very bad).

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The Asian Barometer Survey (ABS) grows out of the Comparative Survey of Democratization and Value Change in East Asia Project (also known as East Asia Barometer), which was launched in mid-2000 and funded by the Ministry of Education of Taiwan under the MOE-NSC Program for Promoting Academic Excellence of University. The headquarters of ABS is based in Taipei, and is jointly sponsored by the Department of Political Science at NTU and the Institute of Political Science of Academia Sinica. The East Asian component of the project is coordinated by Prof. Yun-han Chu, who also serves as the overall coordinator of the Asian Barometer. In organizing its first-wave survey (2001-2003), the East Asia Barometer (EABS) brought together eight country teams and more than thirty leading scholars from across the region and the United States. Since its founding, the EABS Project has been increasingly recognized as the region's first systematic and most careful comparative survey of attitudes and orientations toward political regime, democracy, governance, and economic reform.

In July 2001, the EABS joined with three partner projects -- New Europe Barometer, Latinobarometro and Afrobarometer -- in a path-breathing effort to launch Global Barometer Survey (GBS), a global consortium of comparative surveys across emerging democracies and transitional societies.

The EABS is now becoming a true pan-Asian survey research initiative. New collaborative teams from Indonesia, Singapore, Cambodia, and Vietnam are joining the EABS as the project enters its second phase (2004-2008). Also, the State of Democracy in South Asia Project, based at the Centre for the Study of Developing Societies (in New Delhi) and directed by Yogendra Yadav, is collaborating with the EABS for the creation of a more inclusive regional survey network under the new identity of the Asian Barometer Survey. This path-breaking regional initiative builds upon a substantial base of completed scholarly work in a number of Asian countries. Most of the participating national teams were established more than a decade ago, have acquired abundant experience and methodological know-how in administering nationwide surveys on citizen's political attitudes and behaviors, and have published a substantial number of works both in their native languages and in English.

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