

How Much Do We Trust Others in LAC?

The Role of Inequality and Perceptions

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Abstract*

High levels of trust, both interpersonal and in institutions, are fundamental for fostering inclusive growth. Trust affects growth directly. However, trust is affected by a number of factors, one of which is the distribution of income and wealth in a society, particularly when that distribution is not perceived as legitimate. Societies with higher levels of inequality present lower trust. Interestingly, actual wealth or income is not the only factor that matters. Perceived inequality plays a significant role in changes in trust. Understanding the personal characteristics as well as collective elements that form those perceptions is extremely relevant to understanding how actual and perceived inequality may follow divergent paths. This document addresses the role of trust in the growth process, the effects of inequality and perceptions of inequality on trust, and it discusses some ways to increase trust.

JEL classifications: E02, D70, D10, D31, D91, O11, O12

Keywords: Trust, Growth, Inequality, Perceptions, Latin America and the Caribbean, Public policy

* This document expands on the work published in Chapter 14, “Who Do We Trust? The Role of Inequality and Perceptions” in the report “The Inequality Crisis: Latin America and the Caribbean at the Crossroads.” As such, it shares some common material with that piece, and it has greatly benefited from the comments to that chapter by Matías Busso, Julián Messina and several reviewers.

1. Introduction

High levels of trust, both interpersonal and in institutions, are fundamental for fostering inclusive growth. Trust affects growth directly. Firms will invest, hire more workers, and grow only if they trust that others will observe the law and the government will enforce it, and not subject them to extrajudicial actions. The quality of public policies is also not independent of trust. If trust is low, individuals will not demand public goods but instead will engage in clientelist relationships with their representatives and politicians. Such conditions are not conducive to the development of institutions or to long-term social and economic welfare.

Trust is shaped by many factors, one of which is the distribution of income and wealth in a society, particularly when that distribution is not perceived as legitimate.¹ Broadly, as inequality rises, trust falls. Both actual and perceived inequality are affected not only by the distribution of income and wealth, but also by access to public goods and government services. High inequality has serious negative consequences for society. In particular, as discussed at length in this document, it erodes social cohesion (Van de Werfhorst and Salverda, 2012; Paskov and Dewilde, 2012).

The COVID-19 pandemic is taking a tremendous toll in terms of the lives and livelihoods of millions of people across the globe. Beyond its direct effects, the economic consequences of social isolation, stay-at-home orders, and quarantines will be measured in the trillions of dollars. Moreover, the effects of the pandemic are distributed unequally. Informal employees, those who cannot work from home, and those who have been laid off are facing the brunt of the crisis. As a result, inequality is very likely to rise. At the same time, trust is essential for reducing contagion and lowering fatalities during the pandemic, and growing to lift economies out of the pandemic-induced downturn.

This document addresses the role of trust in the growth process, the effects of inequality and perceptions of inequality on trust, and ways to increase trust.

2. Trust and Inclusive Growth

Latin America has a growth problem. There has been no convergence between Latin America and the Caribbean countries and the developed world in the last six decades (Izquierdo et al., 2020).

¹ In this paper we concentrate on wealth instead of income due to data limitations. Nonetheless, wealth and income are very highly correlated.

There are plenty of reasons why the region does not grow. Low levels of capital accumulation and very low productivity have been a staple of these economies (Pagés, 2010). Numerous studies have identified trust—in institutions and in other people—as a key factor in social and economic progress and democratic stability (Algan and Cahuc, 2014; Algan et al., 2017). Trust has been associated with higher GDP per capita, higher productivity, higher levels of investment, and deeper credit markets, among other benefits.² Trust affects the development of financial markets, the availability of venture capital, and foreign direct investment flows (Kiyotaki and Moore, 2001; Guiso, Sapienza, and Zingales, 2008; Bottazzi, Da Rin, and Hellmann, 2016). It also affects transaction costs and decision-making within firms (Knack and Keefer, 1997; La Porta et al., 1997; Dasgupta and Sergaldin, 2000; Glaeser et al., 2000; Zak and Knack, 2001; Beugelsdijk, De Groot, and Van Schaik, 2004; Bloom et al., 2012; Algan and Cahuc, 2014).³ Trust has additionally been associated with lower macroeconomic volatility (Sangnier, 2013).

Inclusive growth requires the existence of high levels of trust, both interpersonal trust and trust in institutions. Firms only invest if they trust the government, and others, will not seize them or their investments. Firms only hire more workers and grow if they trust they are not going to be taken advantage of. Likewise, consumers buy from firms, or workers accept their contracts, only if they believe firms will not take advantage of them and will comply with their promises (Keefer et al., 2020). The quality of public policies is also not independent of trust. If trust is low, individuals do not demand public goods, contrarily, individuals will engage in clientelist relationships with their representatives and politicians (Keefer, Scartascini and Vlaicu, 2020). These conditions are not proper for the development of institutions and that of long-term welfare.

Unfortunately, interpersonal trust has been falling steadily around the world (Figure 1). Over the last three decades, generalized (interpersonal) trust has decreased almost by half. While globally in the period from 1981 to 1985, 39 percent of people on average agreed with the statement “*most people can be trusted*.” In the 2010 to 2014 period, only 23 percent would answer in the same way. In Latin America and the Caribbean countries (LAC), trust levels are even lower. According to the last wave available of the World Values Survey (WVS), citizens’ interpersonal

² For detailed analysis and data sources, see Scartascini and Valle Luna (2020).

³ See Keefer, Scartascini, and Vlaicu (2018) for a full exposition on the taxonomy of trust and additional examples of how trust affects decisions in markets and within firms.

trust in Latin America and the Caribbean was between 1/3 and 1/4 the levels in Europe and Southeast Asia during the period 2010 – 2014.

Figure 1. Trust Has Been Falling Steadily around the World and Latin America



Source: IDB staff calculations based on data from the six waves of the World Values Survey (1981 – 2014).

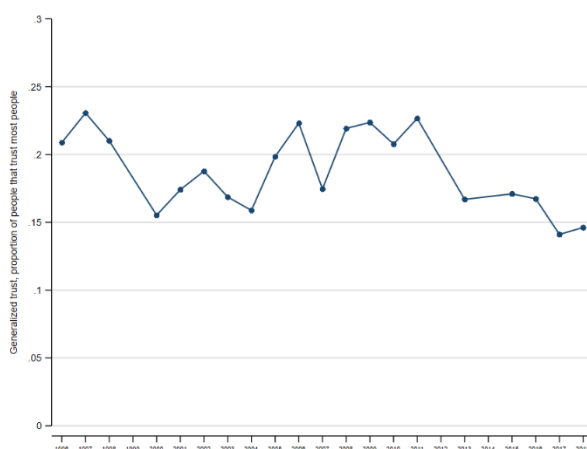
Notes: Generalized Trust is calculated from answers to the question “Generally speaking, would you say that most people can be trusted, or that you need to be very careful in dealing with people?” Trust is equal to 1 if the respondent answers, “Most people can be trusted” and 0 otherwise. The trust variable was aggregated at the country level as a weighted average from individual observations, and after that, averaged in five-year brackets. The total sample is 97 countries. The 14 countries in LAC included in the sample are Argentina, Brazil, Chile, Colombia, Dominican Republic, Ecuador, El Salvador, Guatemala, Mexico, Peru, Puerto Rico, Trinidad and Tobago, Uruguay and Venezuela. Haiti was excluded from the sixth wave in this figure because it was the only country in the sample where data collection extended beyond the timeframe, until the year 2016.

The same picture of low trust levels remains when using data sets specializing in the LAC region. According to the Latinobarometer survey, which compiles information for 18 countries in the region over the period from 1996 to 2018 (and including a larger sample of LAC countries than the WVS survey), the average interpersonal trust of citizens in Latin American and the Caribbean was about 19 percent. That is, only 1 in 5 Latin Americans believe that most people can be trusted. Trust levels among Latin Americans went from around 20 percent in the year 1996 to 15 percent in 2018, showing a five percentage points decrease of trust in the region on average (Figure 2.a). There are no large differences across countries within the region given that, for the latest year of

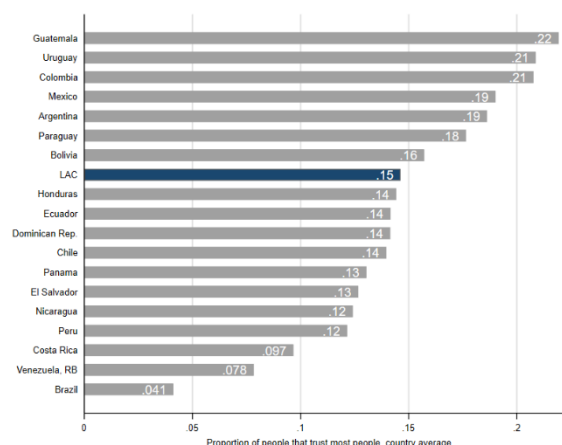
data available (2018), in most countries no more than 2 out of 10 people believe others can be trusted (Figure 2.b).

Figure 2. Trust Levels in LAC Countries Are Low

a. Evolution of trust



b. By country in 2018



Source: IDB staff calculations based on data from the Latinobarometer (LB) Survey.

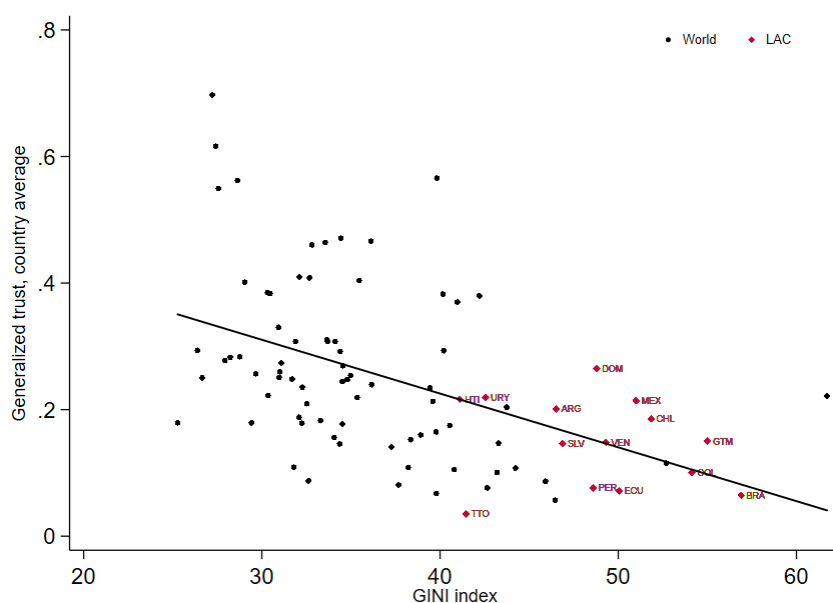
Notes: Generalized Trust is calculated from answers to the question “Generally speaking, would you say that most people can be trusted, or that you need to be very careful in dealing with people?” Trust is equal to 1 if the respondent answers “Most people can be trusted” and 0 otherwise. The trust variable was aggregated at the country level as a weighted average from individual observations. The total sample is 18 countries.

Latin America faces an additional challenge: its high levels of inequality. Latin America and the Caribbean has traditionally been the most unequal region in the world. Some advances in the last few years have reduced the gap between Latin America and the developed world a little. Still, according to the Gini coefficient measurements, LAC is about 50 percent more unequal (Izquierdo et al., 2020). Also, studies from the Economic Commission of Latin America and the Caribbean (ECLAC, 2019) show that the share of people belonging to the high-income strata rose from 2.2 percent to 3 percent between 2002 and 2017. For example, in Brazil, the 10 percent richest received 40.5 percent of national income in 2014, while in Mexico, the same 10 percent of the population received 39.7 percent of total national income (Oxford, 2016). In highly unequal societies, like those in Latin America, the growth challenge is even greater. Differences in income, education, health services, security, and others intensify the lack of trust among communities.

3. Inequality and Trust

The Gini coefficient is the most used measurement of inequality at the national level, and Figure 3 below shows the strong negative correlation between the Gini coefficient and generalized interpersonal trust measurement from the World Values Survey. Latin American and Caribbean countries are, not surprisingly, concentrated in a quadrant where high levels of inequality meet the lowest levels of interpersonal trust among this sample. Similar results have been found by Rothstein and Uslaner (2005), and Barone and Mocetti (2016).⁴

Figure 3. Relation between Trust and Inequality: Country Average



Source: IDB staff calculations based on data from the World Value Survey and the World Development Indicators, The World Bank.

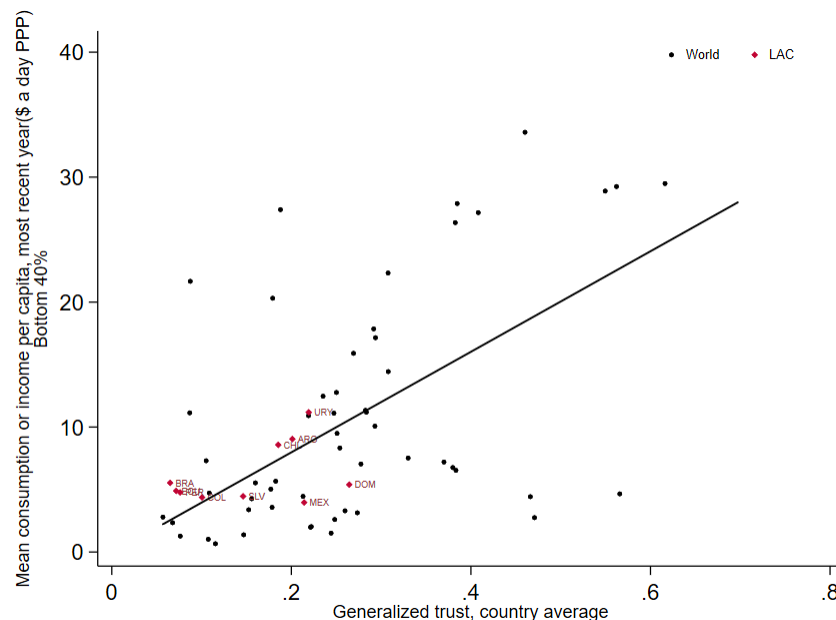
Notes: The trust data come from the six waves of the World Value Survey (1981 – 2014). GINI Index data comes from World Development Indicators, The World Bank (1981 – 2017). The total sample has 88 countries including Argentina, Brazil, Chile, Colombia, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Mexico, Peru, Trinidad and Tobago, Uruguay, and Venezuela.

As an alternative measurement for inequality, the Global Database of Shared Prosperity from the World Bank has a variable measuring the average consumption of income per capita of the bottom 40 percent. In this case, the correlation with trust is positive and strong. Latin American countries with lower income or consumption among the bottom 40 percent of the population also

⁴ Steijn and Lancee (2011) argue that this negative correlation depends greatly on the country sample composition and the inclusion of non-Western countries in the regressions.

register the lowest levels of trust among the sample. In most of the Latin American sampled countries, the 40 bottom percent of the population in the income distribution receives only 10 percent or less of the national income. (Figure 4)

Figure 4. Relation between Trust and Consumption Inequality: Country Average



Source: IDB staff calculations based on data from the World Value Survey and the World Bank.

Notes: The trust data come from the six waves of the World Value Survey (1981 – 2014). Mean consumption of the bottom 40 percent, for the most recent year per country, data comes from the Global Database of Shared Prosperity, The World Bank (2010– 2019). The total sample consists of 65 countries including Argentina, Brazil, Chile, Colombia, Dominican Republic, Ecuador, El Salvador, Mexico, Peru, and Uruguay.

The general understanding, at least at a macro level, is that people living in unequal societies trust each other far less than people do when their communities are more equal (Jordahl, 2007). However, less evident are the mechanisms of this correlation between inequality and trust. Jordahl (2007) proposes four different groups of mechanisms: i) social ties, ii) inference on social relationships, iii) conflicts over resources, and iv) opportunity cost of time.

In the first group, authors like Coleman (1990) and Fukuyama (1995) argue that a person has a natural inclination to trust more people that are perceived to be similar to them, and this includes characteristics such as income, wealth and social class. Coffé and Greys (2006) consider that individuals with differences in their socio-economic backgrounds are less likely to share

similar values and common norms. There is evidence that people are less willing to provide public goods when the fruits will benefit other ethnic groups (Alesina, Baqir, and Easterly, 1999; Beach and Jones, 2017). In that regard, co-ethnics are more willing to cooperate, and because they are more closely linked on social networks, they are better able to support cooperation (Habyarimana et al., 2007).

The second channel, social relationships, focus more on relative wealth; for instance, on how people's trust may be affected by the perception of their income concerning others. Fischer and Torgler (2006) suggest that factors such as envy and positional concerns of a person with respect to others harm fairness perceptions and, in consequence, harm interpersonal trust and social capital in general. Most people have a high aversion to inequality. Inequality arouses negative emotions, and those distances in income are accepted even less when they are seen to be undeserving (Clark and D'Ambrosio, 2015).

Third, in a world with limited resources, inequality could create conflicts over them. The argument here is that inequality amplifies the chances and incentives of people with fewer resources to display untrustworthy behavior. In consequence, individuals with more assets are less prone to trust them. Another way to describe this effect is given by Rothstein and Uslaner (2005), who argue that people living in unequal societies lack a sense of solidarity, and in such conditions and perceptions, trust becomes a zero-sum game between social classes. The Meltzer and Richards (1981) classic model of redistribution provides a useful representation of this problem. In their model, higher inequality generates higher pressures for redistribution. As such, more unequal societies would naturally tend to enact higher taxes on the rich, causing conflict across classes. Importantly, inequality could also be behind the reasons why redistribution sometimes does not happen, which increases disaffection even more. As Ardanaz and Scartascini (2013) indicate, during democratic transitions, high inequality could generate institutions that favor the status quo and increase the relative power of the wealthy in the decision-making process.

The fourth element, the opportunity cost of time, refers to the fact that income inequality can affect trust through its differential effect on time allocation. The logic behind it is that the opportunity cost of verifying transactions and people vary at different levels of income. Therefore, trust differs along with the income distribution, with trust being lower for lower-income individuals. Additionally, informal sanctions—which can help to maintain higher trust—are more

relevant within close-ties groups (Zak and Knack, 2001). As such, higher inequality reduces the availability of these enforcement tools, which in turn reinforces the problem.

4. Trust and Inequality: A Matter of Actual Wealth or Mostly Perceptions?

4.1 Wealth and Trust

For Latin America and the Caribbean, the two most comprehensive data sets with individual-level characteristics and trust variables (plus more public opinion data related to different topics) are the Latin American Public Opinion Project (LAPOP) and the Latinobarometer survey ⁵. Latinobarometer uses a sample of 18 countries, and the number of individuals surveyed per country is around 1,200 per year. The data go from 1996 to 2018, with some gap years, for a total of 20 rounds. For the case of LAPOP, the data include eight iterations, collected noncontinuously from 2004 to 2019, and sample 31 countries in the region. By design, the LAPOP survey has a broader variation in the number of individuals included in it, across countries; therefore, per country-wave, the sample of individuals could go from 1,000 until around 4,000 respondents depending on the sample design assigned to each country.

Nevertheless, one of the restrictions of these data sources is that income levels are not well estimated, and the number of income categories presented to interviewees changes over time, making them incompatible for a panel data analysis. As such, LAPOP recommends, instead of income, considering a measure of household wealth based on a household's possessions.⁶ One of the main advantages of this methodology is that the measurement error for possessions should be small (it is relatively easy and unambiguous for somebody to answer yes or no to whether they have a car, or a cellular phone, etc.) Hence, proceeding with that recommendation for both LAPOP and Latinobarometer data, a Wealth Index was constructed based on a Principal Component Analysis (PCA) using a set of binary variables that identify ownership of different household assets.⁷ The PCA Wealth Index was computed per country and year for Latinobarometer and per

⁵ To access the data sets, questionnaires and methodological documentation refer to: [1] Latinobarometer: <http://www.latinobarometro.org/latContents.jsp> and [2] LAPOP: <https://www.vanderbilt.edu/lapop/>

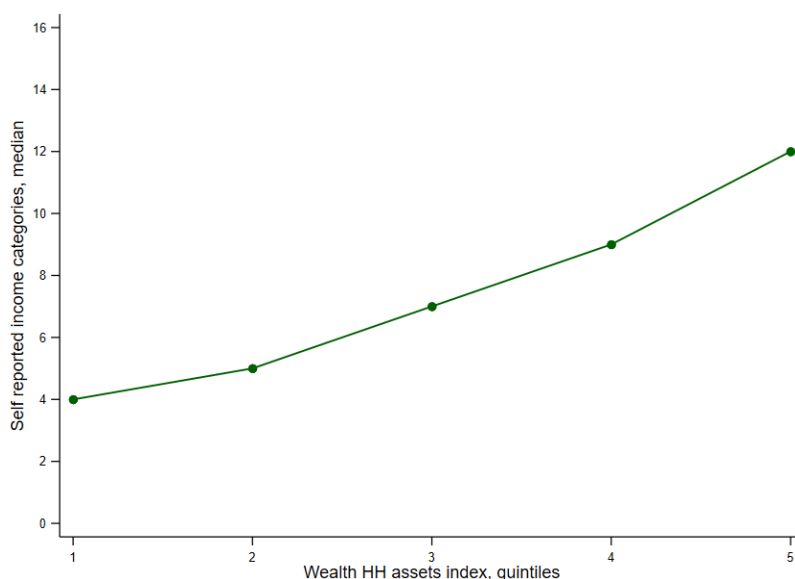
⁶ For the methodological note regarding the Wealth Index based on household's assets, check the following document: https://www.vanderbilt.edu/lapop/insights/I0806en_v2.pdf

⁷ The assets considered in the index computation are [1] TV+, [2] Fridge+, [3] Landline+*, [4] Mobile phone+, [5] Vehicles+*, [6] Washing machine+*, [7] Microwave+, [8] Hot water*, [9] Sewerage*, [10] Computer+*, [11] Drinking water+* and [12] Indoor Bathroom+. For Latinobarometer [*] and for LAPOP [+] based on data availability for most countries and across years. Further explanation about the selection of assets to compute the index can be found in the annex.

country, year, and urban/rural category for LAPOP. After that, the index was rescaled from 0 to 1 to facilitate further analysis and interpretation. Also, per country-year, individuals were assigned to one out of five income brackets created based on their index scores, thereby generating wealth quintiles. The analysis throughout this document uses both variables as a proxy for household income.

The first question to be answered is how well the Wealth Index is capturing income levels and variations in the sample. Though, as mentioned before, the income brackets in the data sets are not comparable across time, some exercises are possible for a specific period. Figure 5 below plots country average income data for the last LAPOP wave (2018/2019) against wealth index quintiles. Even though the correlation between those two is not perfect, and both income and household assets are self-reported, the wealth variable seems to capture the right variations in income. The same exercise made for other previous years shows similar correlation patterns. Hence, this document uses the wealth inequality concept as a proxy for both income and wealth, in levels and differences.

Figure 5. The Relation between Wealth and Income, 2018/2019 Wave

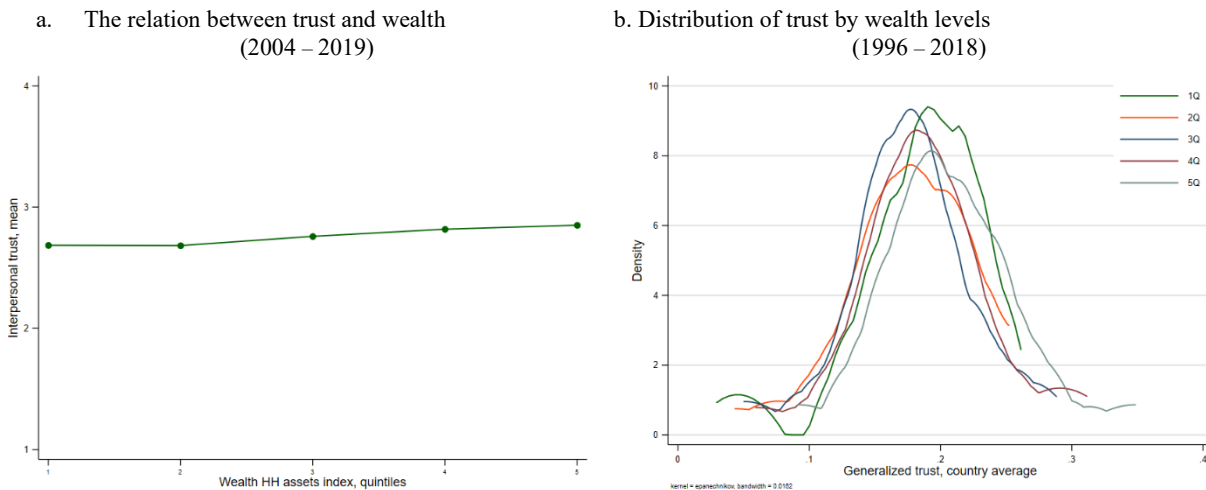


Source: IDB staff calculations based on data from the Latin American Public Opinion Project (LAPOP).

Note: The income variable comes from the LAPOP survey data, wave 2018/2019, and it is self-reported by the respondent placing the HH monthly income in one of 17 different category brackets, from zero (no income) to 16. The Wealth HH Index was computed according to the LAPOP methodology using the household assets section of the survey. The sample includes 18 countries from the region: Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, and Uruguay.

The next question in line is, does wealth explain trust? At first glance, the data seems to indicate that wealth is not a very strong predictor of interpersonal trust, despite that higher wealth appears to correlate slightly with higher levels of trust (Figure 6.a). The analysis of the kernel distributions (Figure 6.b) shows a similar picture; interpersonal trust varies little for different levels of wealth.

Figure 6. Interpersonal Trust and Wealth

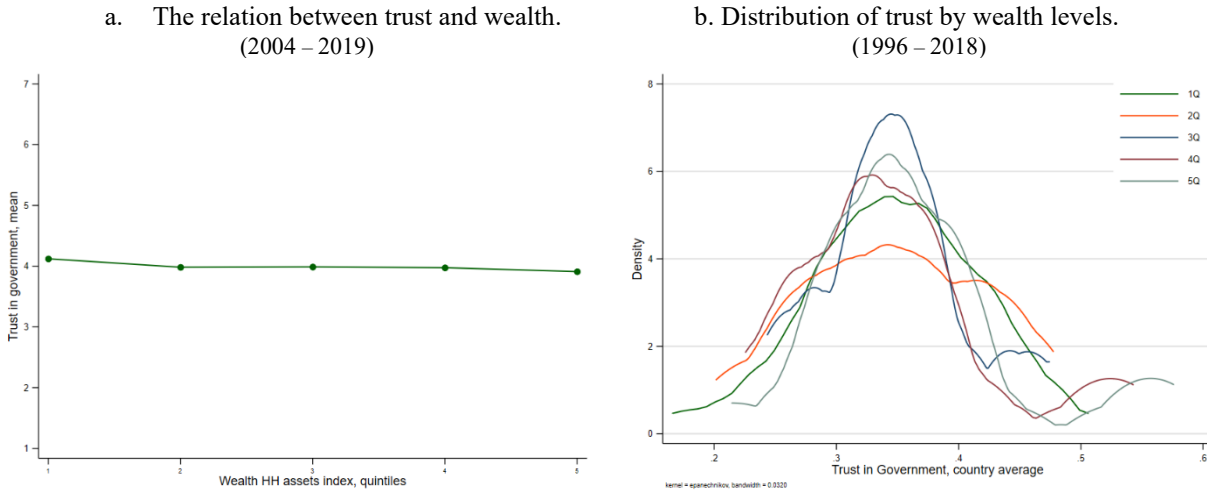


Source: IDB staff calculations based on data from the Latin American Public Opinion Project (LAPOP) and Latinobarometer (LB).

Note: Interpersonal trust for Panel A comes from the LAPOP question: “*And speaking of the people from around here, would you say that people in this community are very trustworthy, somewhat trustworthy, not very trustworthy or untrustworthy...?*” The scale was reverted from the original data so that trust will equal [1] if the respondent answers “Untrustworthy”, [2] “Not Very Trustworthy”, [3] “Somewhat Trustworthy” and [4] “Very trustworthy”. For Panel B, generalized trust comes from the LB question “*Generally speaking would you say that most people can be trusted, or that you need to be very careful in dealing with people?*” Trust is equal to 1 if the respondent answers, “Most people can be trusted” and 0 otherwise. Panel A averages trust data at the individual level directly, while Panel B uses the country averages.

When it comes to trust in government, wealth seems to follow the same flat-like correlation on average (Figure 7.a). Similarly to interpersonal trust, the kernel density distribution analysis shows that wealth levels have little to do with changes in trust in government too. Some slight variation emerges across wealth quintiles, especially for the highest ones (Figure 7.b).

Figure 7. Trust in Government and Wealth



Source: IDB staff calculations based on data from the Latin American Public Opinion Project (LAPOP) and Latinobarometer (LB).

Note: Trust in government for Panel-A comes from the LAPOP question: “How much do you trust the National Government?” The scale goes from 1 to 7 being [1] None and [7] A Lot. For Panel-B, trust in government comes from the LB “How much trust you have in each of the following groups/institutions?” The answers were recorded such as trust is equal to 1 if the respondent answered, “A lot” or “Some,” and 0 when the answer is “A little” or “No trust.” Panel-A averages trust data at the individual level directly, while, Panel-B uses the country averages.

If the correlation between wealth and trust, as shown in the data, is not so straightforward, further analysis is needed to understand the links between inequality and trust. The complexity of inequality goes beyond actual wealth or income, given that perceptions about it may play a role in the equation.

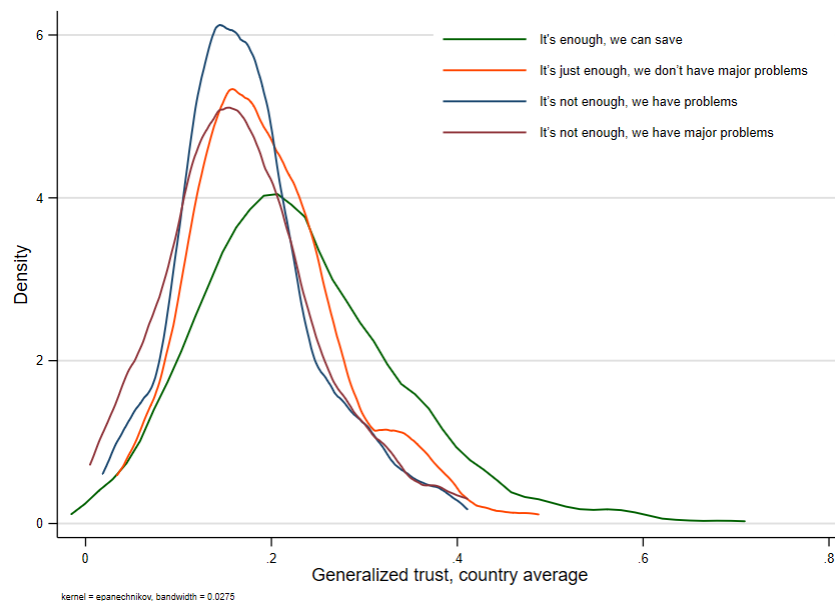
4.2 Inequality Perceptions and Trust: Some Clues from Country-Level Analysis

Inequality might be associated with lower trust because it reflects an unequal distribution of power within a country, as those at the top have a superior ability to use the coercive power of the state to benefit themselves at the expense of the rest. Since this context gives “the powerful” ample scope to engage in opportunistic behavior towards the less powerful, the expectation is then to find evidence of lower trust among the less powerful.

Both LAPOP and Latinobarometer surveys have some variables that aim to capture people's perceptions of inequality. In specific, the Latinobarometer survey has a series of wealth and income perception questions that go from asking a person to self-identify with a social class or asking how fair a person considers the income distribution in his/her country. The first level of analysis is to take a closer look at whether trust, aggregated at the country level, shows a variation

or not at different income or wealth perception statements. Figure 8 uses, as the perception variable, a question that asks individuals to self-report their income based on two characteristics: first, whether they believe their income is enough, and second, if they can save given their current income. The different kernel distributions show that respondents who state that their income is enough or just enough have somewhat higher trust levels. Figure 9 also reveals some evidence, although not very strong, that people who report having a higher subjective income also have higher levels of interpersonal trust.

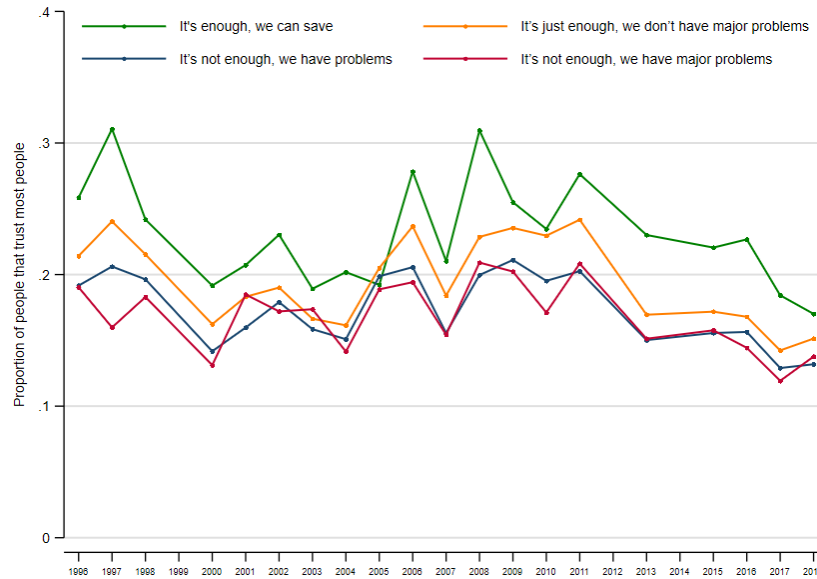
Figure 8. Distribution of Generalized Trust by Subjective Income (1996 – 2018)



Source: IDB staff calculations based on Latinobarometer (LB) Survey.

Notes: Interpersonal / Generalized Trust is calculated from the answers to the question “Generally speaking would you say that you can trust most people, or that you can never be too careful in dealing with others?” Trust is equal to 1 if the respondent answers, “One can trust most people” and 0 otherwise; and then averaged by year from the individual level data to obtain the proportion of the population that “trust most people.” The variable of subjective income is taken from the questions: “The salary or income that you receive and the total family income, does it allow you to satisfactorily cover your needs? In which of these situations do you find yourself?” The possible answers are: “It’s enough, we can save,” “It’s just enough, we don’t have major problems,” “It’s not enough, we have problems,” and “It’s not enough, we have major problems.”

Figure 9. Evolution of Generalized Trust by Subjective Income

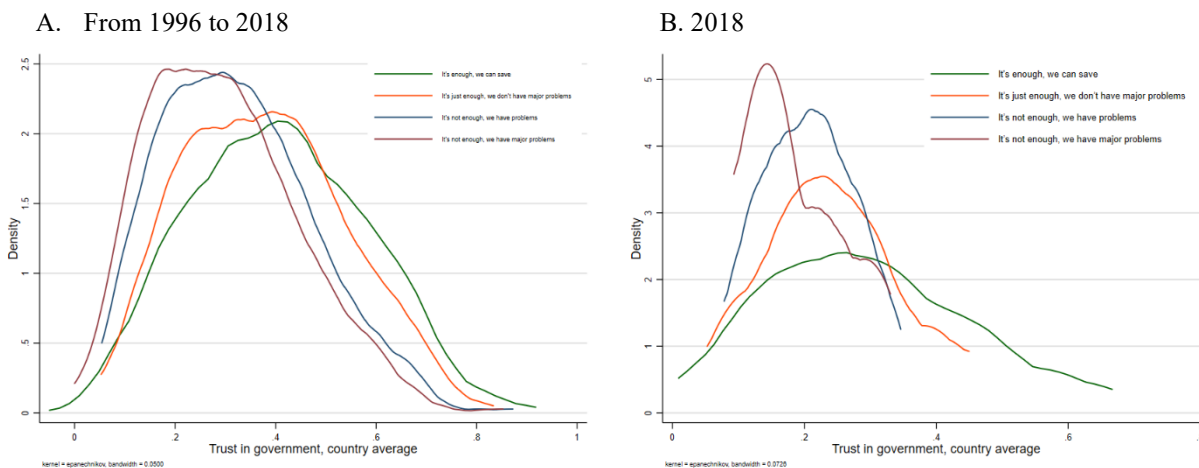


Source: IDB staff calculations based on Latinobarometer (LB) Survey.

Notes: Interpersonal / Generalized Trust is calculated from the answers to the question “Generally speaking would you say that you can trust most people, or that you can never be too careful in dealing with others?” Trust is equal to 1 if the respondent answers, “One can trust most people” and 0 otherwise; and then averaged by year from the individual level data to obtain the proportion of the population that “trust most people.” The variable of subjective income is taken from the questions: “The salary or income that you receive and the total family income, does it allow you to satisfactorily cover your needs? In which of these situations do you find yourself?” The possible answers are: “It’s enough, we can save,” “It’s just enough, we don’t have major problems,” “It’s not enough, we have problems” and “It’s not enough, we have major problems.”

It is not necessarily expected for trust in government to vary by social distance (e.g., as measured by perceptions of income sufficiency or social status), but it should vary if differences in power play a significant role in the connection between inequality and trust. When we look at variations in trust in government across different levels of subjective income (Figure 10.a) on average, for the entire sample, there is little heterogeneity in trust. However, when we consider only the latest year of data available, the heterogeneity among subjective income groups becomes more evident. (Figure 10.b)

Figure 10. Distribution of Trust in Government by Subjective Income



Source: IDB staff calculations based on data from the Latinobarometer (LB) Survey.

Notes: Trust in Government is calculated from the answers to the question “Please look at this card and tell me how much trust you have...”—in this case, referring to the government. Trust is equal to 1 if the respondent answers, “A lot” or “Some” and 0 if the answer is “Little” or “None.” The variable of subjective income is taken from the questions: “The salary or income that you receive and the total family income, does it allow you to satisfactorily cover your needs? In which of these situations do you find yourself?” The possible answers are: “It’s enough, we can save,” “It’s just enough, we don’t have major problems,” “It’s not enough, we have problems” and “It’s not enough, we have major problems.”

Figure 11 provides another way of seeing how differences in trust levels are related to income perceptions. In general, across time, even with a general downward trend in trust in government in the past last decade, people considering themselves to be in a better income situation show higher trust in the government. For example, the proportion of people trusting most people from the highest subjective income category is about 10 percent higher than the trust of people who report having an income that is not enough and that they are having major problems. That gap has been more or less constant over the last decade.

Figure 11. Evolution of Trust in Government by Subjective Income



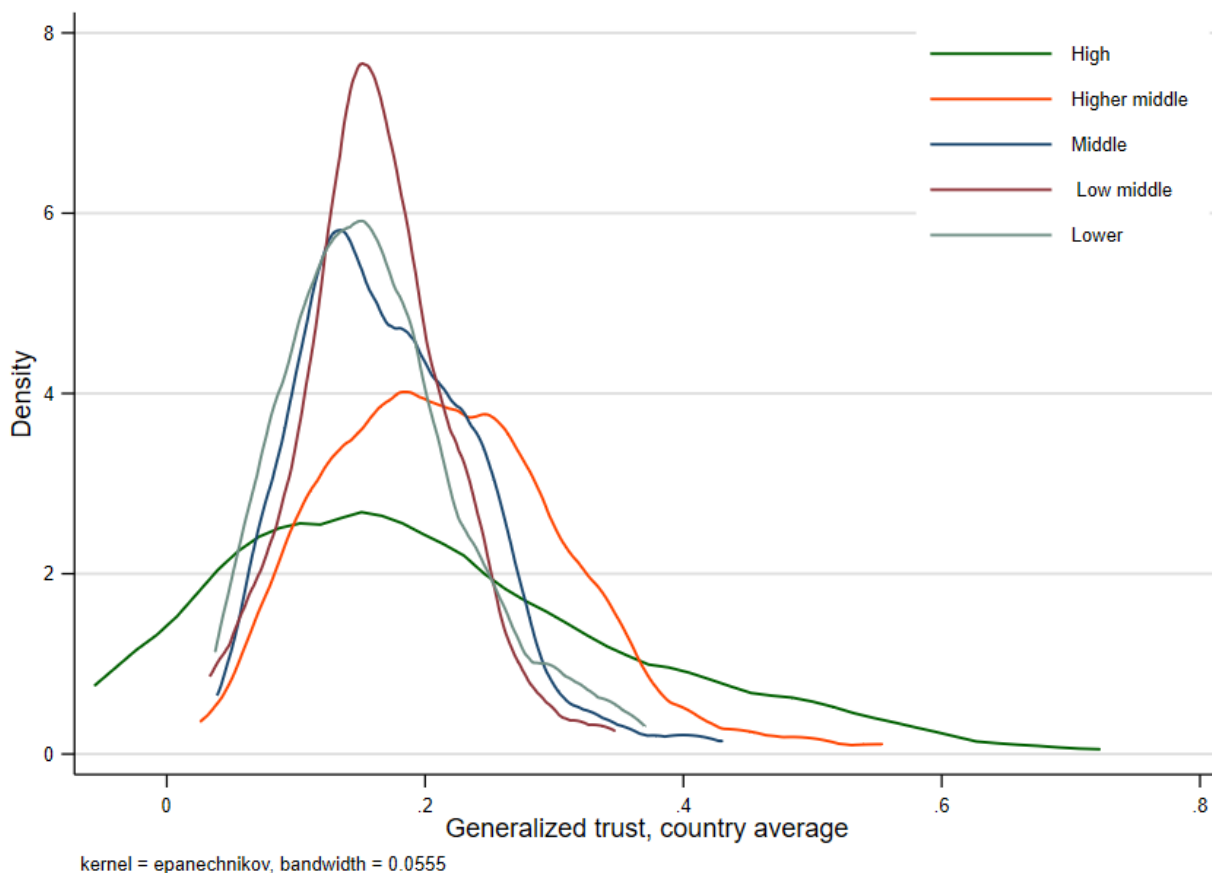
Source: IDB staff calculations based on Latinobarometer (LB) Survey

Notes: Trust in Government is calculated from the answers to the question “Please look at this card and tell me how much trust you have...”—in this case, referring to the government. Trust is equal to 1 if the respondent answers, “A lot” or “Some” and 0 if the answer is “Little” or “None.”. The variable of subjective income is taken from the questions: “The salary or income that you receive and the total family income, does it allow you to satisfactorily cover your needs? In which of these situations do you find yourself?” The possible answers are: “It’s enough, we can save,” “It’s just enough, we don’t have major problems,” “It’s not enough, we have problems” and “It’s not enough, we have major problems.”

Self-identification with a social class is another variable for socio-economic distance in the data. Individuals place themselves in one out of five different brackets that go from the highest incomes (high-class) to lowest. Again, the higher classes seem to present higher trust than the others.

The evidence in Figures 12 and 13 offers some support, though not conclusive, of the idea that inequality reduces trust because it exposes differences in power relationships across society. Inconclusive as this evidence may be, this first exploration nonetheless suggests that people might not very accurately estimate their position within their country’s income distribution, an issue that will be discussed in further detail later in this paper.

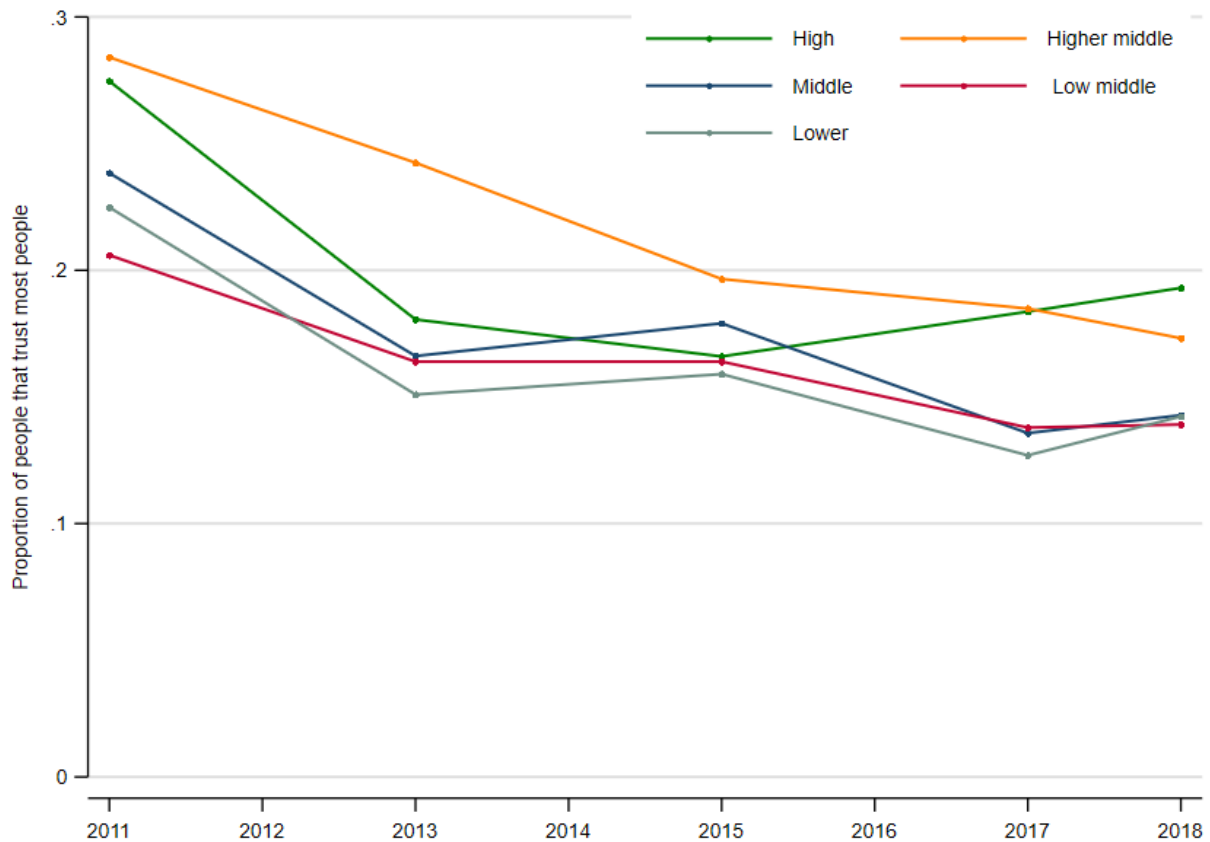
Figure 12. Distribution of Generalized Trust by Social Class, 2011 – 2018



Source: IDB staff calculations based on Latinobarometer (LB) Survey.

Notes: Interpersonal / Generalized Trust is calculated from the answers to the question “Generally speaking would you say that you can trust most people, or that you can never be too careful in dealing with others?” Trust is equal to 1 if the respondent answers, “One can trust most people” and 0 otherwise; and then averaged by year from the individual level data to obtain the proportion of the population that “trust most people.” Social class is self-assigned by the respondent in response to the question: “People sometimes describe themselves as belonging to a social class. Would you describe yourself belonging to...” The scale for social class goes from 1 to 5.

Figure 13. Evolution of Generalized Trust by Social Class



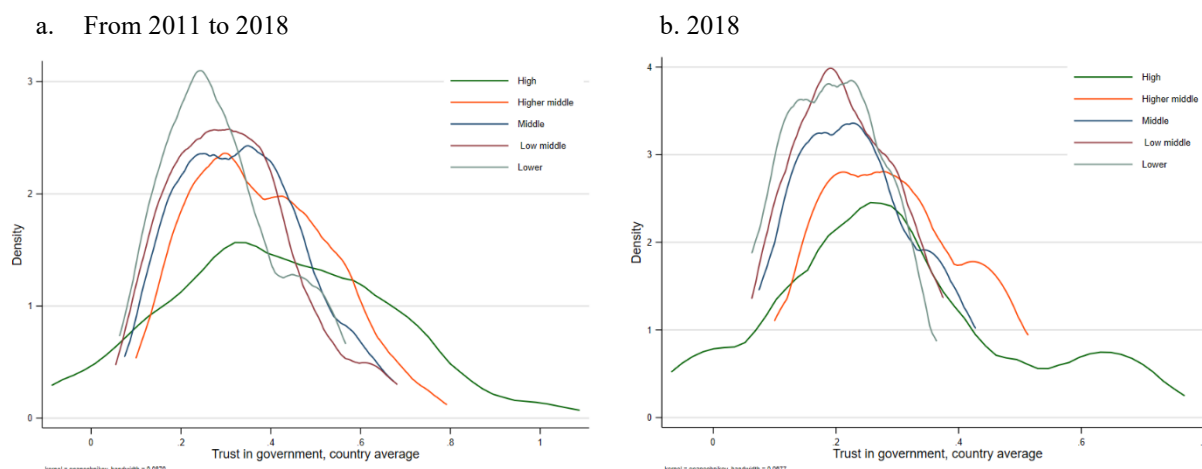
Source: IDB staff calculations based on Latinobarometer (LB) Survey.

Notes: Interpersonal / Generalized Trust is calculated from the answers to the question “Generally speaking would you say that you can trust most people, or that you can never be too careful in dealing with others?” Trust is equal to 1 if the respondent answers, “One can trust most people” and 0 otherwise; and then averaged by year from the individual level data to obtain the proportion of the population that “trust most people.” Social class is self-assigned by the respondent in response to the question: “People sometimes describe themselves as belonging to a social class. Would you describe yourself belonging to...” The scale for social class goes from 1 to 5.

Similarly, based on social classes, trust in government shows few differences. Looking at data for the year 2018 (Figure 14.b), the kernel distribution analysis reveals the complexity of the relationship between social class and trust. While most social classes display similar levels of average trust, as described above, the high class shows a very divergent distribution with a bimodal shape in which some people trust very little and some trust more than any other class. This figure suggests that trust is very much a complex phenomenon that depends on individual experiences and interactions among citizens. Once again, Figure 15 reinforces the idea of the biases that people might experience when placing themselves in a social class. For example, in 2018, interestingly,

even if people made a difference in self-identification between belonging to the high class vis á vis the higher-middle class, the proportion of people's trust registered the same levels.

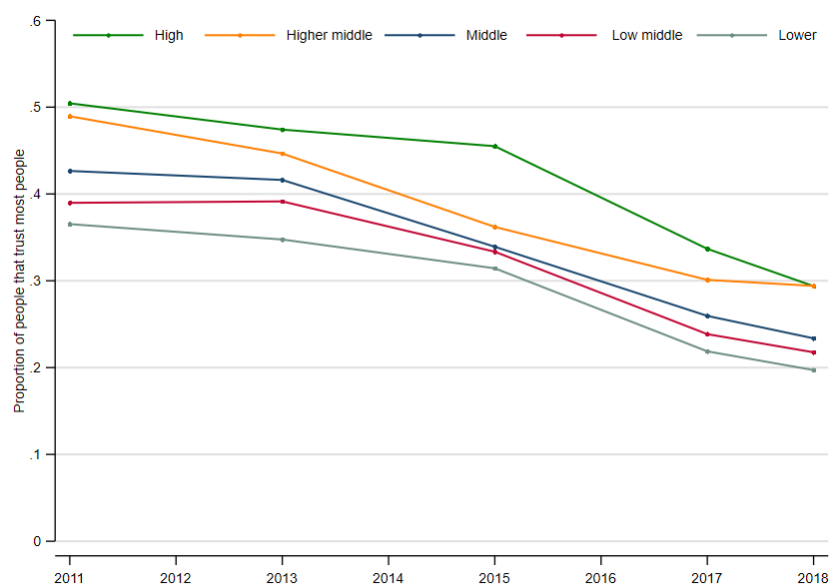
Figure 14. Distribution of Trust in Government by Social Class



Source: IDB staff calculations based on data from the Latinobarometer (LB) Survey.

Notes: Trust in Government is calculated from the answers to the question “Please look at this card and tell me how much trust you have...”—in this case referring to the government. Trust is equal to 1 if the respondent answers, “A lot” or “Some” and 0 if the answer is “Little” or “None.” Social class is self-assigned by the respondent in response to the question: “People sometimes describe themselves as belonging to a social class. Would you describe yourself belonging to...” The scale for social class goes from 1 to 5.

Figure 15. Evolution of Trust in Government by Social Class



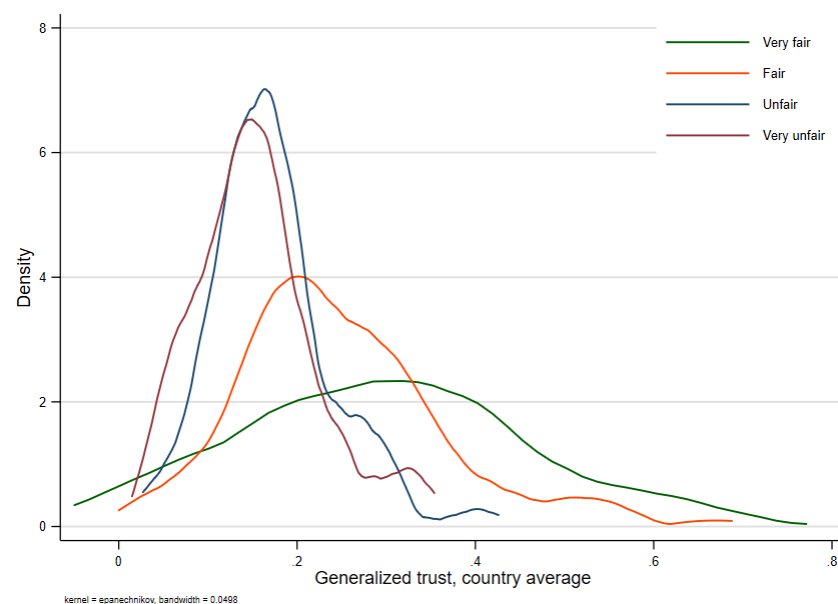
Source: IDB staff calculations based on data from the Latinobarometer (LB) Survey.

Notes: See notes for Figure 14 above.

From 1997 until the last year of data available for the region (2018), the Latinobarometer survey asked individuals how fair they consider the income distribution in their countries to be (on a scale that goes from very fair to very unfair). This variable is perhaps the one that best captures people’s perceptions of income inequality. Figure 16 compares generalized trust across this perception variable, and the average national differences between the two higher brackets vis-à-vis the groups that consider unfair and very unfair the income distribution in their countries are noticeable. On the other hand, Figure 17 compares trust levels over time and across groups that express different perceptions of fairness.

Once again, the figure shows a persistent trust gap between those who view the distribution of income as being fairer in comparison to the ones that perceive that distribution as less fair.

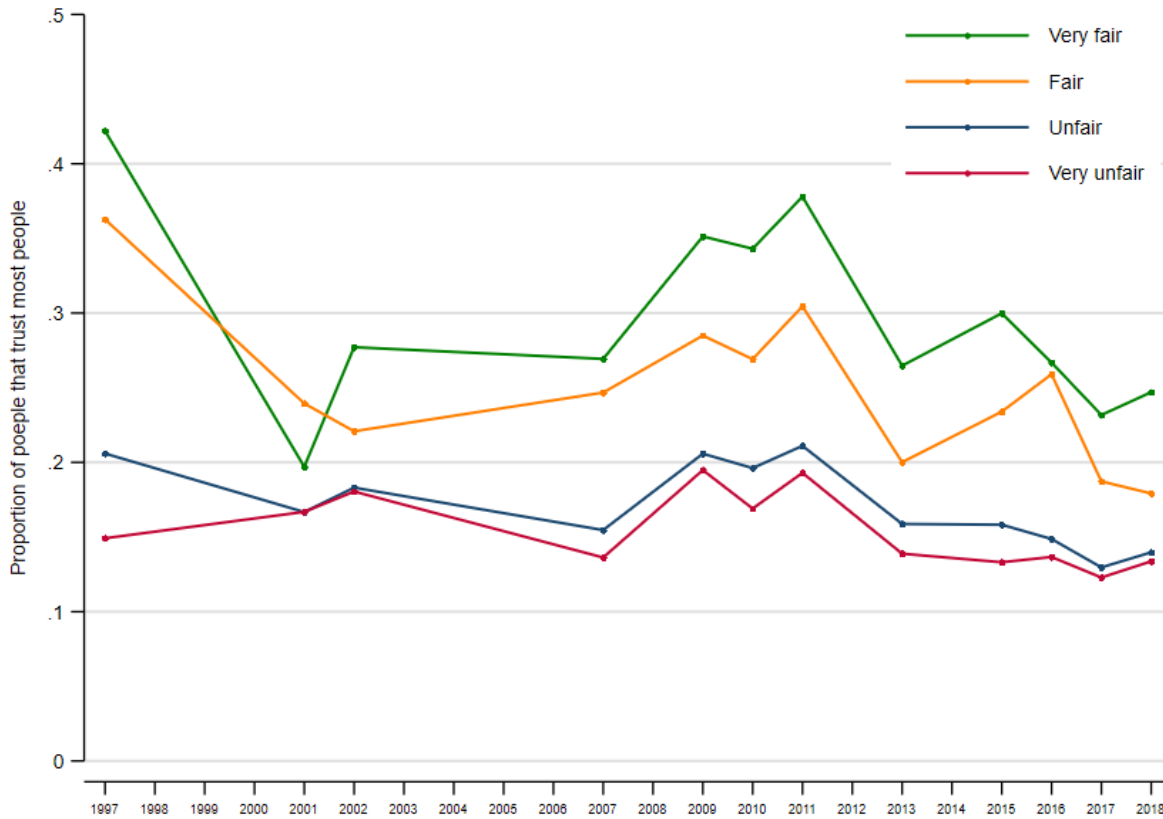
Figure 16. Distribution of Generalized Trust by Fairness of Income Distribution Perception (1997 – 2018)



Source: IDB staff calculations based on Latinobarometer (LB) Survey

Notes: Interpersonal / Generalized Trust is calculated from the answers to the question “Generally speaking would you say that you can trust most people, or that you can never be too careful in dealing with others?” Trust is equal to 1 if the respondent answers, “One can trust most people” and 0 otherwise; and then averaged by year from the individual level data to obtain the proportion of the population that “trust most people.” The perception of the fairness comes from the answers to the question “How fair do you think the distribution of income in (your country) is?” and answers are scored as follows: (1) “Very fair,” (2) “Fair,” (3) “Unfair” and (4) “Very Unfair.”

Figure 17. Evolution of Generalized Trust by Fairness of Income Distribution Perception

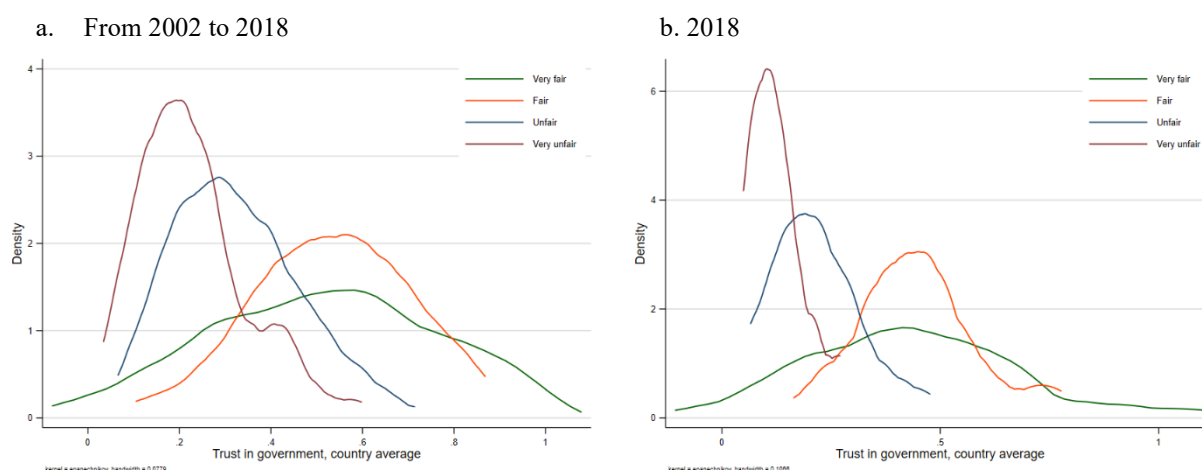


Source: IDB staff calculations based on Latinobarometer (LB) Survey.

Notes: Interpersonal / Generalized Trust is calculated from the answers to the question “Generally speaking would you say that you can trust most people, or that you can never be too careful in dealing with others?” Trust is equal to 1 if the respondent answers, “One can trust most people” and 0 otherwise; and then averaged by year from the individual level data to obtain the proportion of the population that “trust most people.” The perception of the fairness comes from the answers to the question “How fair do you think the distribution of income in (your country) is?” and answers are scored as follows: (1) “Very fair,” (2) “Fair,” (3) “Unfair” and (4) “Very Unfair.”

When using trust in government instead of the generalized trust variable, similar figures emerge. The fairer the people think the national income distribution is the higher average trust levels in government, that group has (Figure 18).

Figure 18. Distribution of Trust in Government by Fairness of Income Distribution Perception

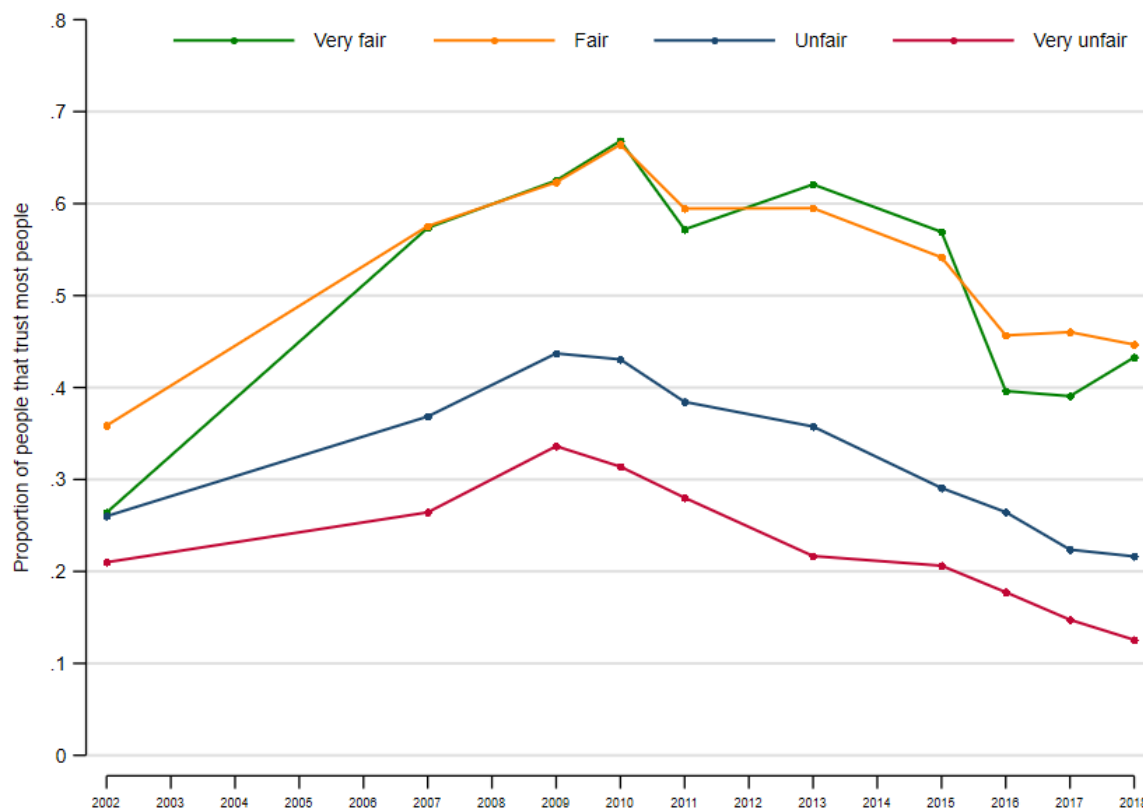


Source: IDB staff calculations based on data from the Latinobarometer (LB) Survey.

Notes: Trust in Government is calculated from the answers to the question “Please look at this card and tell me how much trust you have...”—in this case referring to the government. Trust is equal to 1 if the respondent answers, “A lot” or “Some” and 0 if the answer is “Little” or “None.” The perception of the fairness comes from the answers to the question “How fair do you think the distribution of income in (your country) is?” and answers are scored as follows: (1) “Very fair,” (2) “Fair,” (3) “Unfair” and (4) “Very Unfair.”

The gaps in trust in government are also more evident between the two highest groups versus the two lowest trust in government is less than half for the group that considers the distribution to be unfair than for the group that believes it to be fair. Additionally, same as interpersonal trust trends, trust in government has been falling consistently over the past ten years, applying for all four groups (Figure 19).

Figure 19. Evolution of Trust in Government by Fairness of Income Distribution Perception



Source: IDB staff calculations based on data from the Latinobarometer (LB) Survey.

Notes: Trust in Government is calculated from the answers to the question “Please look at this card and tell me how much trust you have...”—in this case referring to the government. Trust is equal to 1 if the respondent answers, “A lot” or “Some” and 0 if the answer is “Little” or “None.” The perception of the fairness comes from the answers to the question “How fair do you think the distribution of income in (your country) is?” and answers are scored as follows: (1) “Very fair,” (2) “Fair,” (3) “Unfair” and (4) “Very Unfair.”

5. Individuals’ Inequality Perceptions and Their Links with Trust

As explored so far, the evidence about the negative correlation between inequality and trust is strong at the country level using global data (Figure 4). On the other hand, focusing only on Latin America data on average at the country level again provides some support, although weak, of how social differences and the perceptions of them account for changes in trust levels. Furthermore, the existing evidence in the literature on the direct effect of inequality on trust at the individual level has inconclusive results, and the evidence on the Latin America and Caribbean region is less explored.

If inequality only affects trust because of its association with differences in power relationships within societies, the preceding figures and analysis at the individual level should present considerable disparities in trust levels across different income brackets, perceptions, and social classes. Individual characteristics such as age, gender and race, for example, are potentially relevant for understanding trust dynamics, given the different social pressures and experiences to which young and old, male and female, and racially distinct survey respondents might be exposed.

Some scholars agree that the disassociation between individuals' income levels, inequality, and trust may come from the fact that individuals tend to fail to assess accurately national inequality levels and income distributions, as well as trends at the country level. Biased perceptions tend to arise because individuals choose for comparisons a reference group that is not necessarily representative at the national level. Moreover, individuals cannot evaluate the distribution of income dispassionately, as they have social preferences and dislike earning less than others. Some individuals are thus willing to give up absolute income to gain status. Income gaps between individuals are accepted even less when they are seen as undeserving (Clark and D'Ambrosio, 2015).

The literature indicates that people care about their income and wealth levels, but also about their level of income and wealth relative to others. However, most people are not able to estimate the income and wealth distribution in their country and their position within that distribution. As such, they tend to take clues from their environment and those around them to estimate their relative position. Cruces et al. (2013) show that in Argentina a significant share of low-income people places themselves in higher ranks of the income distribution than is actually the case, while a considerable proportion of rich people underestimate their income position. Another example of the inaccuracy of individuals' income distribution estimations comes from a study in Sweden, where the results showed a negative bias whereby people underestimated on average their position in the national income distribution (Karadja et al., 2014).

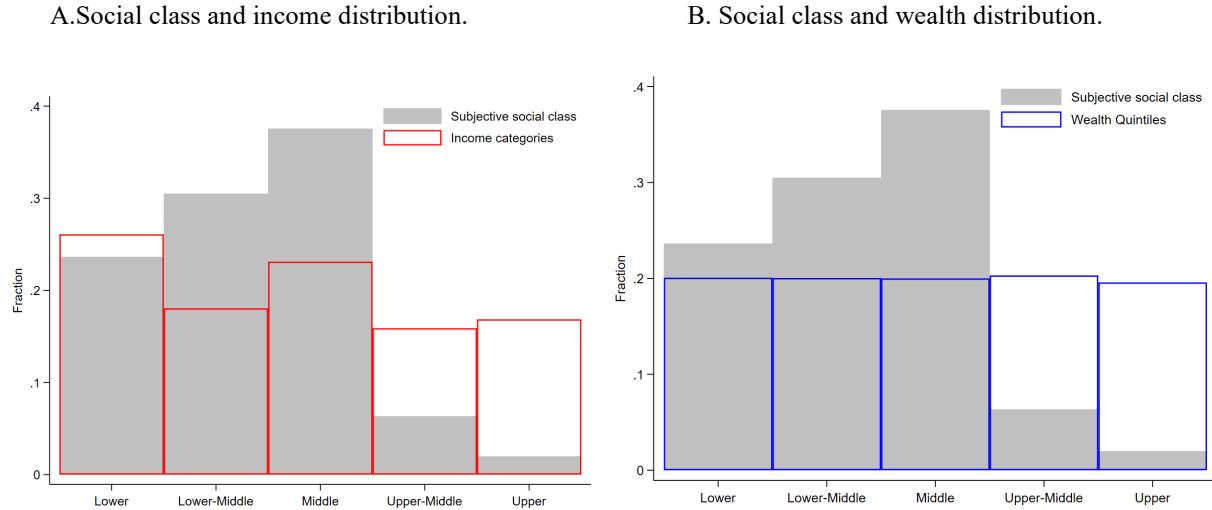
Inequality likewise tends to be wrongly estimated. Norton and Ariely (2011) show that average Americans underestimate wealth inequality. The Global Economy Dynamics (GED) study on perceptions of inequality shows for a set of 8 countries that there are large misperceptions of inequality, but they differ by country. In some countries, such as Brazil, people's bias is positive (overestimation), while in others, such as Sweden, Russia, Germany, and the United Kingdom, the bias is negative (underestimation), as discussed in Bublitz (2017). The consequences of these

misperceptions include people's overreliance on cues from their local environment and the information they consume and receive. Therefore, not only income and wealth levels, both absolute and relative, may matter for affecting people's perceptions about income inequality but other environmental factors. Education, occupational prestige, family background, and employment status are important predictors (Poppitz, 2018). We evaluate them here.

Using Latinobarometer data, Figure 20 below captures the over and underestimation of income and wealth by comparing the distribution between subjective social class and measurements of income and wealth. Panel A compares self-declared household income against the self-stated social class. While the income variable in the data is admittedly not very precise, as mentioned above, it is still useful for making some first assessments. Hence, by aggregating income brackets into five different categories that resemble the five self-reported social classes may help us to distinguish between biases according to social class based on income and those based on self-perceived social class. Panel B, with a similar exercise, compares the distribution of wealth versus the reported social class. In this case, wealth measurement comes from the quintiles created from the household asset index.

Both panels present biases based according to both income and wealth arise, as individuals do not accurately assess their position along the distribution. In both panels, individuals in the higher quintiles of income and wealth distribution tend to believe that they belong to a lower class than the one based on registered income or household wealth. At the other extreme of the distribution, poor people tend to overestimate their place in the income distribution. In regard to both income and wealth, self-reported and entirely subjective social class (represented by the gray bars) is concentrated far more in the middle class than what is supported by the more objective measures of income and wealth distribution respectively represented by the red and blue bars. This gap is larger when comparing wealth versus social class (Panel B), which shows how how biases can go both ways. People among the lowest income levels may think themselves as being part of a richer bracket, while some people in the highest income segments place themselves lower in the income distribution. This indicates that perceptions can exert a significant influence on changes in trust.

Figure 20. Under/Over Estimation of Income and Wealth



Source: IDB staff calculations based on LAPOP data.

Notes: The wealth quintiles were created from the HH Asset Wealth Index (PCA) using a set of binary variables that states different household assets and characteristics. The ones considered are: [1] TV, [2] Fridge, [3] Landline, [4] Mobile phone, [5] Vehicles, [6] Washing Machine, [7] Microwave, [8] Computer, [9] Drinking water and [10] Indoor bathroom. The PCA was done per country, year and urban/rural. After that, according to the score, each household was assigned to a bin from 1 to 5 to generate wealth quintiles, as a proxy for household income. Social class is a self-assessment from the respondent and comes from the question: “People sometimes describe themselves as belonging to a social class. Would you describe yourself belonging to ...?” In both panels, the gray bars represent the share of population, in the sample, self assigned to each social class. For Panel A, the income categories come from a self-reported income, and the monthly household income is categorized in one out of 17 brackets going from zero (no income) to 16. Those 16 brackets were aggregated as following: from 0 to 3 to the lower class, 4 to 6 to lower-middle, 7 to 10 to the middle class, 11 to 13 to the upper-middle one and 14 to 16 to the upper class. The no income bracket was included in the lowest class and represents 3.99 percent of the entire sample. Panel B uses wealth quintiles. The sample includes data from three waves: 2014, 2016, 2018/2019.

Of course, the analysis undertaken so far does not control for the many other potential determinants of trust. As mentioned above, a very relevant determinant of trust is the perception that individuals have about their level of income or wealth and the distribution of income in society. We proxy these perceptions using several questions from both Latinobarometer and LAPOP. The regression analysis in this document will focus on two of those questions: respondents’ perceptions about the fairness of the income distribution and their perception about the social class to which they belong. The same exercises were performed done for the rest of the perception variables and produce basically the same results. Those variables are the following: i) respondents’ assessment of whether they receive enough income and can save, ii) life satisfaction, iii) respondents’ perceptions regarding social mobility, iv) respondents’ perceptions regarding how

beneficial or detrimental inequality is, and v) government responsibility regarding income inequality policy implementation.⁸

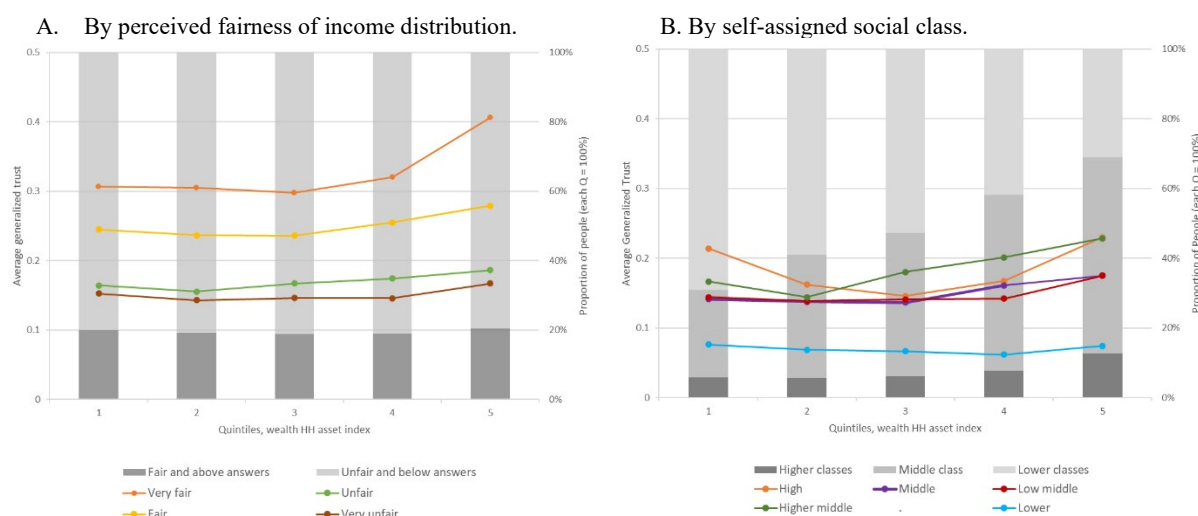
So far, the data have shown some signals regarding the biases between actual income and wealth with respect to an individual's perceptions; the next step in the analysis is to explore the link between perceptions and trust. Panel A of Figure 21 provides information about trust levels by quintiles of wealth and for different degrees of perceived fairness of the income distribution. The horizontal axis indicates the wealth quintiles (1 to 5). The lines indicate the levels of trust for each quintile and each level of perception of the income distribution (left vertical axis). The bars identify the share of people who think that the distribution is fair or unfair (right vertical axis). Two interesting facts emerge. First, some people at every level of wealth distribution consider the distribution to be fair (or unfair). That is, those in the highest quintile and those in the lowest quintile do not differ much in believing the income distribution to be fair or unfair: about 80 percent of people in every quintile consider the distribution to be unfair. Second, interpersonal trust rises slightly across the wealth distribution, but it changes according to respondents' perceptions. That is, the lines representing perceptions of fairness are relatively constant across the quintiles, but there are differences between the lines. Those who consider the distribution to be very fair have greater trust (about 20 percentage points' worth) than those who consider it to be very unfair.

Panel B of Figure 24 uses an alternative measure of perception: self-assignment to a socioeconomic class. This is a relevant measure because it provides insights into self-perception. Again, the horizontal axis shows the respondent's wealth quintile, and bars represent shares of people for each self-assigned socioeconomic class. The lines indicate once again the levels of interpersonal trust by quintile and class. The pattern is similar to that of Panel A. Again, people who consider themselves to belong to a higher socioeconomic class have a relatively higher level of trust (see the lines for each level of wealth), but this time the lines are quite consistent across levels of wealth. In the highest quintile, for example, people who consider themselves upper class have about two and a half times more trust than those who consider themselves to be in the lower class. It is also worth noting that very few people in the entire sample, regardless of their wealth quintile, consider themselves part of the upper class (the darker bar increases only slightly with

⁸ See tables in the Annex for the rest of the perception variables tables.

actual wealth).⁹ This is important because it illustrates the wide gap between reality and perception. As such, it helps to explain the disconnect sometimes observed between changes in objective indicators and changes in personal perceptions.

Figure 21. Individuals' Perceptions of Wealth May Be More Closely Correlated with Trust than with Wealth



Source: IDB staff calculations based on Latinobarometer data.

Notes: Generalized trust is calculated from answers to the question, “Generally speaking would you say that most people can be trusted, or that you need to be very careful in dealing with people?” Trust is equal to 1 if the respondent answers, “Most people can be trusted” and 0 otherwise. The trust scale extends from 0 to 1, but it is truncated here for better reading. The quintiles were created from the Household Asset Wealth Index (PCA) using a set of binary variables representing various household assets and characteristics. Those considered for this computation are televisions, refrigerators, landline telephones, mobile phones, vehicles, washing machines, hot water, sewage service, computers, and drinking water. The PCA was computed per country and per year. According to the score, each household was then assigned to one of five wealth quintiles as a proxy for household income. The variable related to the perceived fairness of income distribution comes from the question: “How fair do you think income distribution is in your country?” Social class is self-assigned by the respondent in response to the question: “People sometimes describe themselves as belonging to a social class. Would you describe yourself belonging to...?” For Panel A, the eleven years used in the sample fell between 1997 to 2018. For Panel B, the sample years are 2011, 2013, 2017, and 2018. Eighteen countries are included: Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay, and Venezuela.

⁹ The self-perception of being middle class grows with wealth, but does not drop at the higher quintile, while that of being lower class shrinks but is still large in the higher wealth quintiles of wealth. This implies that some people at the lower level of the distribution tend to slightly overestimate their position in the income distribution (thinking of themselves as belonging to a higher bracket of income or class than the one to which they actually belong), and a large share of people tend to underestimate their position. This type of bias was also found in an income survey conducted in the Greater Buenos Aires area (Cruces, Pérez-Truglia, and Tetaz, 2011), in which poorer households presented a consistent positive bias, while richer households in the distribution systematically underestimated their rank (negative bias).

Two factors appear to be driving the overall decline of interpersonal trust in the last few years. On the one hand, trust has been falling for each level of perceptions about the fairness of income distribution; on the other, there has been a change in the composition of the share of people regarding their perceptions of income distribution. A lower share of people considers the distribution to be fair. For example according to Latinobarometer data, while in 2013 about 25 percent of interviewed people considered the income distribution in their country to be fair, in 2018 only 15 percent answered the same. (Busso and Messina, 2020)

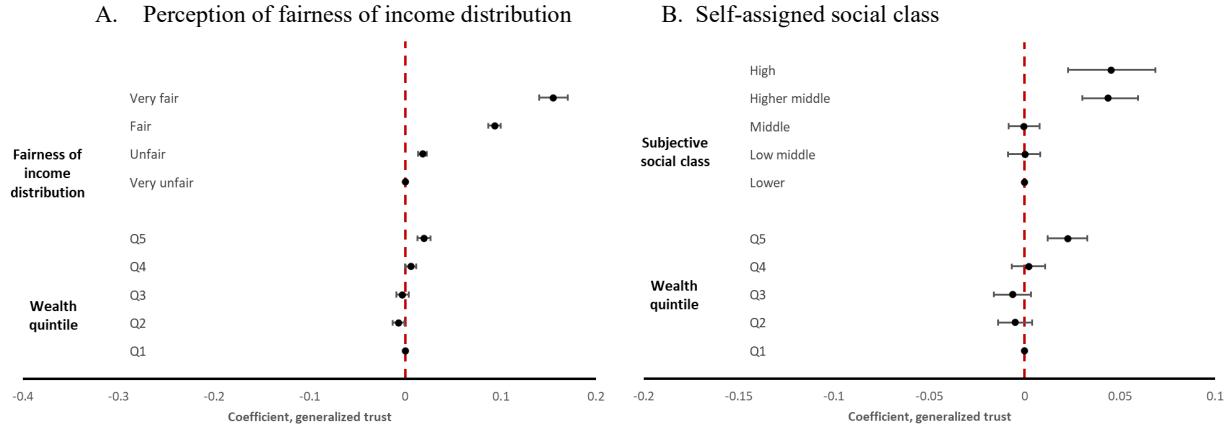
Several regressions were used to analyze all the potential factors affecting trust, controlling for both perceptions and relative wealth levels, as well as a sizeable set of control variables. Some of these controls include age, education, civil status, race, religion, employment status, and working sector, language, respondent's parents' education level, and country and survey-wave fixed effects. The data for this section analysis are taken from the 20 waves of the Latinobarometer in a period going from 1996 to 2018 and including the following 18 countries: Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay, and Venezuela. Depending on data available for some of the perception variables, the number of waves used per regression model may vary.¹⁰

Results show that trust is higher for those individuals who believe the income distribution is just. It is also higher for those with higher relative wealth. A similar pattern is observed in relation to self-assigned social class. Those who identify with higher classes tend to present higher trust than those who identify themselves in the lower classes.

Figure 22 reveals that the fairer one believes the income distribution to be, the more one tends to trust others. For example, Panel A shows that interpersonal trust is about 20 percentage points higher for those who consider the distribution to be “very fair” compared with those who consider it to be very unfair. Individuals in the highest wealth quintile also have higher levels of trust than others. Similar results can be observed in Panel B of the figure, which uses self-reported social class to categorize perceptions of fairness. Those who identify with the upper two classes tend to show higher trust than those who assign themselves to the lower classes.

¹⁰ For the extended regression analysis with models using both Latinobarometer and LAPOP data, refer to the tables in the Annex.

Figure 22. Trust, Relative Wealth, and Socioeconomic Perceptions.



Source: IDB staff calculations based on Latinobarometer data.

Notes: The dependent variable, generalized trust, is calculated from answers to the question “Generally speaking would you say that most people can be trusted, or that you need to be very careful in dealing with people?” Trust is equal to 1 if the respondent answers “Most people can be trusted” and 0 otherwise. The index of relative wealth is the Household Asset Index standardized by the median. Other covariates used as a control in the model are age group, gender, education, civil status, employment status, language, religion, race/ethnicity, and parents’ education. Ordinary least squares regressions were used, with robust standard errors at a 90 percent confidence interval, as well as fixed effects for country and survey year fixed. Dots represent coefficients of linear regressions, and the lines are confidence intervals. The total sample for Panel A was 103,905 people across 18 countries and seven years (2007, 2009, 2010, 2013, and 2016–2018); for Panel B, 45,220 people across 18 countries and three years (2013, 2017, and 2018). To see complete regression models refer to Tables 2 and 7 in the Annex.

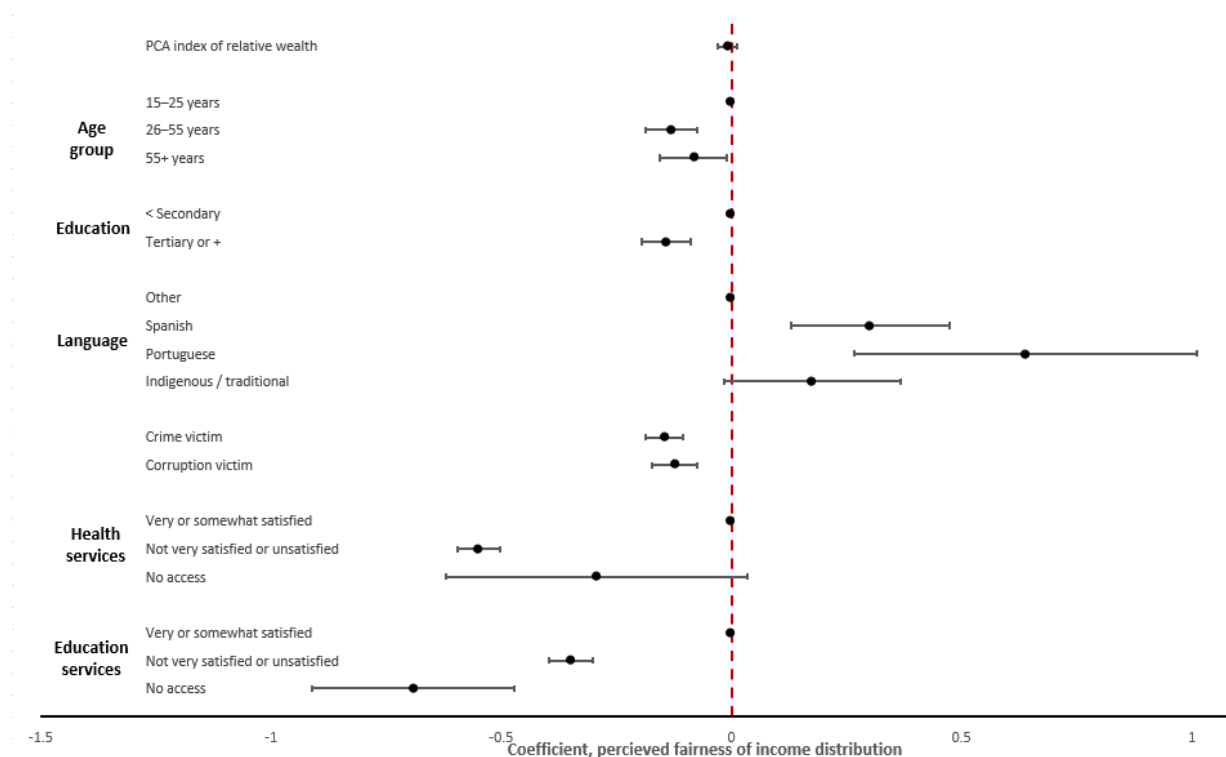
6. How Are Perceptions Formed?

Given the apparent relevance of respondents’ perceptions regarding their levels of trust, it makes sense to ask what determines those perceptions. Following the literature, we perform regression analysis controlling for relative wealth, a set of individual characteristics—including age, gender, education, civil status, work conditions, race, religion, language and parents’ education—and a set of neighborhood characteristics, such as crime victimization, corruption victimization, and satisfaction with the health and the education system. We also include country and survey wave fixed effects.

Interestingly, results in Figure 23 indicate that wealth is not significant in explaining perceptions regarding the fairness of the income distribution once all the controls are included. Individual characteristics—notably, access to public goods—do seem to matter. Older and more-educated individuals tend to think that the income distribution is more unfair than do younger and less-educated individuals. Regarding the neighborhood characteristics, both crime and corruption victims tend to have a worse view of the income distribution, as do those who have access to worse

education and health services. Again, neighborhood characteristics and personal experiences tend to determine perceptions about inequality more than actual differences in relative wealth.

Figure 23. Determinants of Fairness in Income Distribution Perceptions.

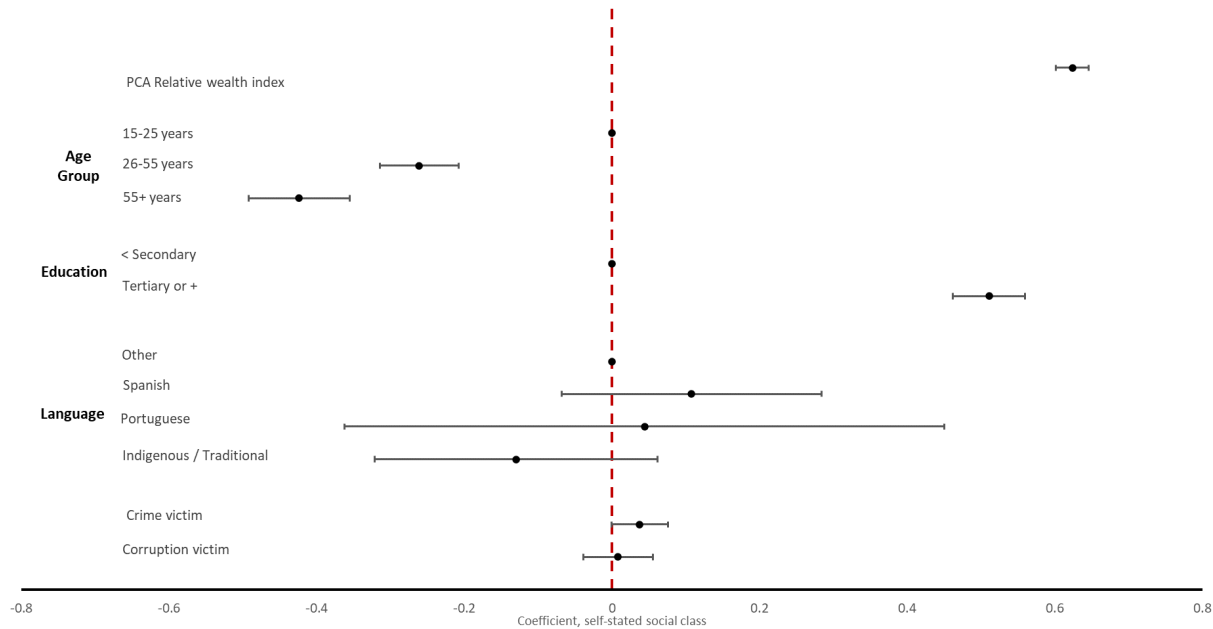


Source: IDB staff calculations based on Latinobarometer data.

Notes: The dependent variable, the perceived fairness of the income distribution, comes from the question: “How fair do you think income distribution is in your country?” The scale of answers ranges across very unfair, unfair, fair, and very fair. An ordered logistic regression was used with robust standard errors, at a 90 percent confidence interval. Dots represent coefficients of regressions, and the lines are confidence intervals. The total sample consisted of 28,860 individuals in 18 countries across the region, taken from the 2007 and 2016 surveys.

Results are similar when we look at self-placement into social classes. However, in this model, unlike the one for income distribution perception, the relative wealth factor is statistically significant; and those individuals with higher relative wealth place themselves in higher classes. Level of education has a similar effect, as respondents stating higher levels of education likewise place themselves in higher socio-economic brackets. In regard to employment status, those who report being unemployed or not working self-identified in a lower socioeconomic class. In contrast, public workers and retired individuals self-identify as being part of a higher economic class. Finally, being a self-reported victim of crime or corruption generally does not seem to affect how individuals identify with a social class.

Figure 24. Determinants of Self-Reported Social Class



Source: IDB staff calculations based on data from the Latinobarometer.

Notes: The dependent variable, social class, is self-assigned by the respondent in response to the question: “People sometimes describe themselves as belonging to a social class. Would you describe yourself belonging to...?” The scale of answers ranges across lower, lower-middle, middle, higher-middle and high. An ordered logistic regression was used with robust standard errors, at a 90 percent confidence interval. Dots represent coefficients of regressions, and the lines are confidence intervals. The total sample consisted of 32,014 individuals in 18 countries across the region, taken from the 2011 and 2013 surveys. Neighborhood characteristics, such as access to health and education services, are not included in this model as controls because the relevant data are not available.

7. How Can Trust Be Increased?

Reducing inequality can increase social cohesion, as inequality arouses negative emotions and tends to fray the social fabric. Interestingly, perceptions of wealth and income inequality seem to be even more pervasive than actual inequalities. Changes in those perceptions, sometimes fueled by misinformation, at least in part appear, to underlie the significant drop in trust that most countries are experiencing.¹¹ To some degree, negative perceptions could be remedied through more and better information. As seen above, only about a quarter of the people in the highest two quintiles of the income and wealth distribution—upper-middle and upper class—recognize themselves as such (Figure 23). Therefore, publicizing the actual income distribution could help such individuals in aligning their views more closely with reality. Of course, this information could

¹¹ Notions about “fake news” are a big problem as they feed on people’s fears. Still, even facts can stir negative emotions and fuel misperceptions (Gingerich and Scartascini, 2018)

backfire for people in other parts of the distribution. Hence, information is a double-edged sword. Experiments with salary transparency have had mixed results in terms of morale, trust, and turnover in the workplace (Mas, 2017).

Strategies that increase social capital by bridging (creating and maintaining social networks composed of heterogeneous groups) and by bonding (creating and maintaining social networks with a homogenous group of people) could also work at the level of communities. By definition, bridging and bonding would increase inclusion and help build communities around common goals (Jaitman and Scartascini, 2017). This framework has been embraced by governments and initiatives around the world. Creating cross-national, cross-partisan, cross-ethnic, and cross-religious identities seems to have a positive effect as well. Events such as external threats or athletic victories likewise tend to bring societies together. Unfortunately, most of these experiences are short-lived, and ethnic and group identities tend to take over, again reducing social cohesion across groups (Jaitman and Scartascini, 2017).

Improving the provision of public goods could also go a long way towards improving perceptions of inequality and raising levels of trust. Better education, better health services, improved local services, and lower crime are all ways to reduce perceptions of inequality. Here, managing expectations is paramount, since promising more than what can be achieved could be detrimental. Fundamentally, keeping promises and spreading accurate information about the promises kept may be the key to increasing trust (Alessandro et al., 2019).

Higher trust is a value in its own right. It generates the conditions for better public policies, particularly public goods that offer high long-term returns, such as education, health, and infrastructure (Keefer, Scartascini, and Vlaicu 2018). Those same returns may naturally reduce inequality—setting in motion a virtuous circle. As such, pushing society slightly in the right direction could move it far along a path of higher trust, higher growth, and lower inequality.

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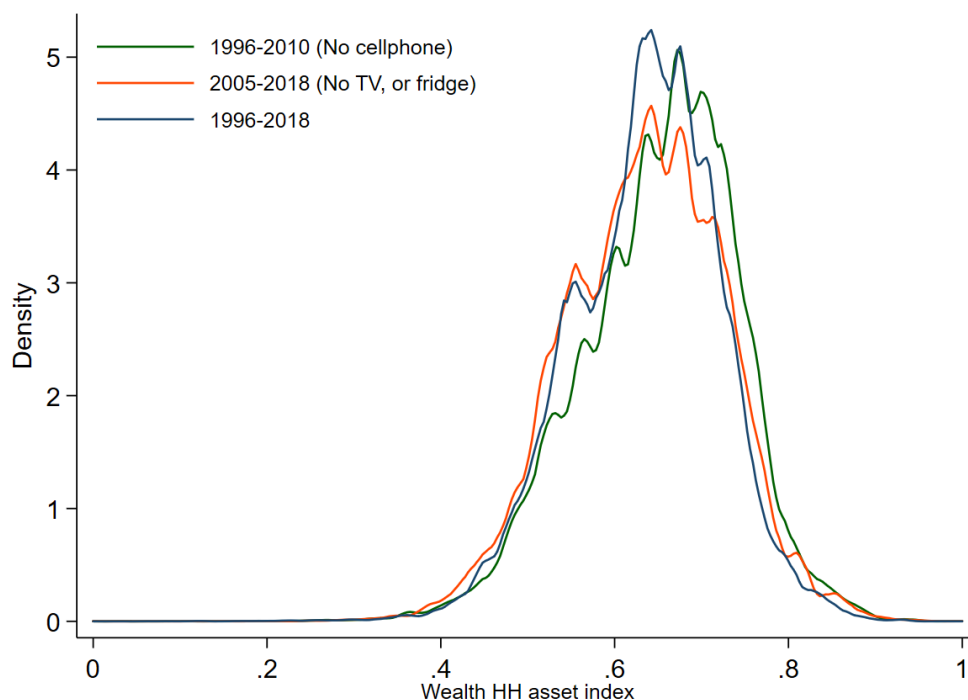
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ANNEX

Figures

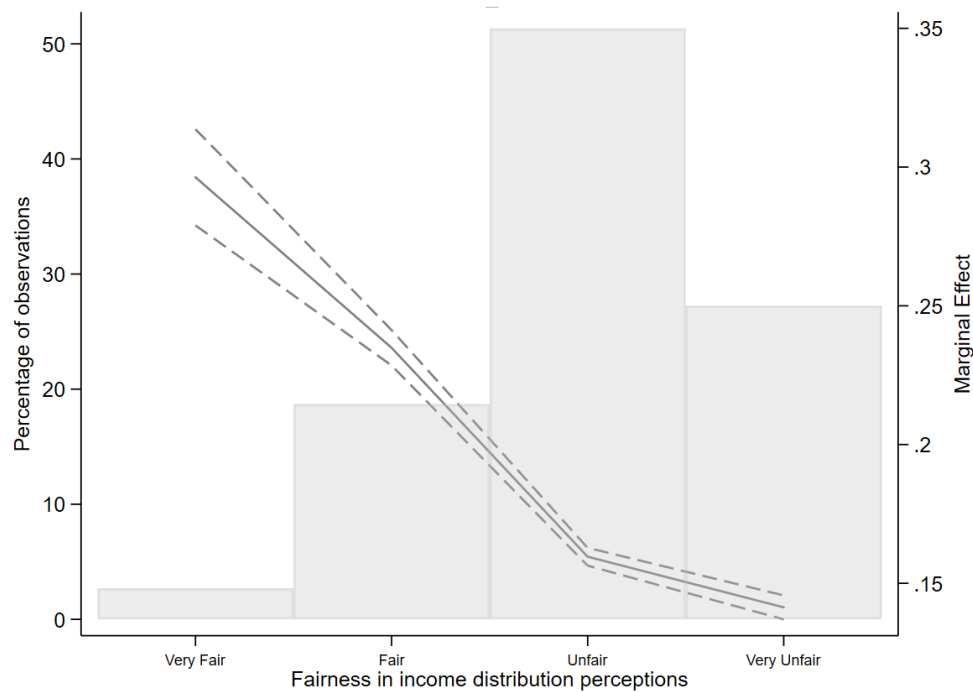
Figure A. Distribution of Wealth, by Type of Index



Source: IDB staff calculations based on Latinobarometer data.

Notes: The PCA analysis requires not having any missing values for any of the assets included; otherwise that asset is dropped. By extrapolating the PCA LAPOP methodology to the Latinobarometer data set, some challenges arise since the asset questions are not consistent across years and countries, which means not the same set of assets is asked across time and countries. Three different wealth indexes were computed using separate data brackets according to data asset availability, to verify that by dropping some of the assets will not result in capturing completely different wealth distributions. This figure shows that, even when some assets are dropped from the analysis, the wealth distribution among indexes is essentially the same. The Wealth Index was constructed using Principal Component Analysis (PCA) with a set of binary variables that states different household assets and characteristics. The ones considered here are [1] TV, [2] Fridge, [3] Landline, [4] Mobile phone, [5] Vehicles, [6] Washing machine, [7] Hot water, [8] Sewerage, [9] Computer and [10] Drinking water. The PCA was computed per country and year. After that, the index was rescaled from 0 to 1 to easier further interpretation and used as a proxy for household income. The sample includes 18 countries.

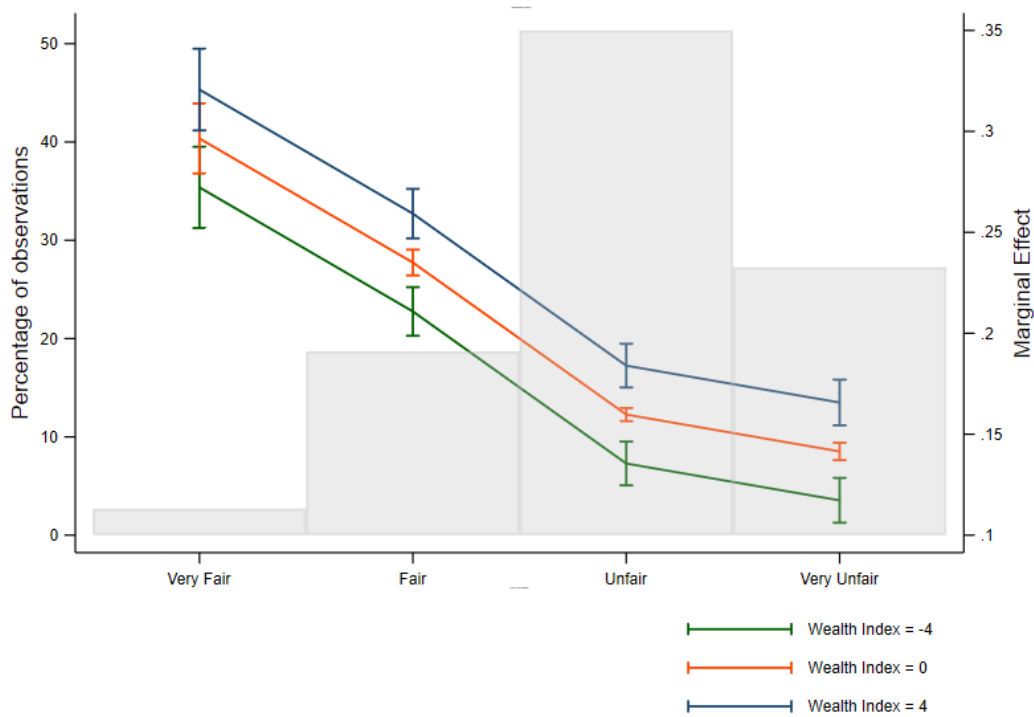
Figure B. Marginal Effect of Fairness in Income Distribution Perceptions on Generalized Trust, Adjusted Predictions with 95% CI



Source: IDB staff calculations based on Latinobarometer data.

Notes: The dependent variable, Generalized Trust, is calculated from answers to the question “Generally speaking would you say that most people can be trusted, or that you need to be very careful in dealing with people?” Trust is equal to 1 if the respondent answers “Most people can be trusted” and 0 otherwise. The perceived fairness of the income distribution, comes from the question: “How fair do you think income distribution is in your country?” The index of relative wealth is the Household Asset Index standardized by the median. Other covariates used as a control in the model are age group, gender, education, civil status, employment status, language, religion, race/ethnicity, and parents’ education. Ordinary least squares regressions were used, adjusted predictions with 95% confidence interval.

Figure C. Marginal Effect of Fairness in Income Distribution Perceptions on Generalized Trust by Wealth Level, Adjusted Predictions with 95% CI



Source: IDB staff calculations based on Latinobarometer data.

Notes: The dependent variable, Generalized Trust, is calculated from answers to the question “Generally speaking would you say that most people can be trusted, or that you need to be very careful in dealing with people?” Trust is equal to 1 if the respondent answers “Most people can be trusted” and 0 otherwise. The perceived fairness of the income distribution, comes from the question: “How fair do you think income distribution is in your country?” The index of relative wealth is the Household Asset Index standardized by the median. Other covariates used as a control in the model are age group, gender, education, civil status, employment status, language, religion, race/ethnicity, and parents’ education. Ordinary least squares regressions were used, adjusted predictions with 95% confidence interval.

Tables Latinobarometer

LB - Trust Tables.

Table 1: Trust, Relative Wealth and Subjective Social Class - OLS Regression Estimation
Generalized Trust (0-1)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
High Class	0.047*** (0.010)	0.050*** (0.012)	0.052*** (0.012)	0.050*** (0.012)	0.054*** (0.013)	0.054*** (0.013)	0.045*** (0.014)
Higher Middle Class	0.050*** (0.007)	0.047*** (0.008)	0.046*** (0.008)	0.044*** (0.008)	0.041*** (0.008)	0.041*** (0.008)	0.043*** (0.009)
Middle Class	0.012*** (0.004)	0.003 (0.004)	0.003 (0.004)	0.002 (0.004)	0.001 (0.005)	0.001 (0.005)	-0.001 (0.005)
Low Middle Class	0.003 (0.004)	0.000 (0.005)	0.001 (0.005)	-0.000 (0.005)	0.002 (0.005)	0.002 (0.005)	-0.001 (0.005)
Relative Wealth Factor -PCA		0.008*** (0.002)	0.004** (0.002)	0.005** (0.002)	0.006*** (0.002)	0.006*** (0.002)	0.006*** (0.002)
26-55 years-old			0.010** (0.004)	0.014*** (0.004)	0.013*** (0.005)	0.013*** (0.005)	0.014*** (0.005)
55+ years-old			0.026*** (0.005)	0.034*** (0.006)	0.033*** (0.006)	0.033*** (0.006)	0.035*** (0.006)
Gender, Male = 1			0.029*** (0.003)	0.026*** (0.003)	0.024*** (0.004)	0.024*** (0.004)	0.023*** (0.004)
Respondent's Educ: Tertiary or plus			0.027*** (0.004)	0.025*** (0.004)	0.019*** (0.005)	0.019*** (0.005)	0.019*** (0.005)
Married/Civil Union				-0.013*** (0.004)	-0.010** (0.004)	-0.010** (0.004)	-0.010** (0.004)
Separated/Divorced/Widowed				-0.007 (0.006)	-0.001 (0.006)	-0.001 (0.006)	-0.001 (0.007)
Public sector				0.010 (0.009)	0.013 (0.010)	0.013 (0.010)	0.011 (0.010)
Private sector, Temporarily out of work and Self employed				0.006 (0.008)	0.008 (0.008)	0.008 (0.008)	0.007 (0.008)
Retired and Not working				-0.002 (0.008)	-0.000 (0.008)	-0.000 (0.008)	-0.002 (0.009)
Spanish				-0.016 (0.015)	-0.013 (0.016)	-0.013 (0.016)	-0.007 (0.017)
Portuguese				0.004 (0.023)	0.015 (0.024)	0.015 (0.024)	0.020 (0.025)
Native or Indigenous Language				0.007 (0.017)	0.016 (0.017)	0.016 (0.017)	0.022 (0.018)
Parents' Educ: Tertiary or plus					0.024*** (0.006)	0.024*** (0.006)	0.023*** (0.006)
Constant	0.221*** (0.007)	0.232*** (0.008)	0.197*** (0.009)	0.240*** (0.025)	0.231*** (0.026)	0.231*** (0.026)	0.226*** (0.029)
N	76,535	56,414	56,412	55,871	50,078	50,078	45,220
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Wave FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Controls-Indiv	No	No	Yes	Yes	Yes	Yes	Yes
Sample-Countries	18	18	18	18	18	18	18
Sample-Years	4	3	3	3	3	3	3

Sources: The data comes from the Latinobarometer survey (2013, 2015, 2017 and 2018).

Notes: Generalized Trust comes from the question "Generally speaking, would you say that most people can be trusted, or that you need to be very careful in dealing with people?" Trust is equal to 1 if the respondent answers "Most people can be trusted", and 0 otherwise. Additional individual characteristics used as controls are: for column (3) gender, age group and highest level of education; col(4) marital status, religion, employment status and language; col(5) parents' education and col(7) race/ethnicity.

The Wealth Index was constructed using Principal Component Analysis (PCA) using a set of binary variables that states different household assets and characteristics. The ones considered are: [1] TV, [2] Fridge, [3] Landline, [4] Mobile phone, [5] Vehicles, [6] Washing machine, [7] Hot water, [8] Sewerage, [9] Computer and [10] Drinking water. The PCA was computed per country and year, then re-scaled from 0 to 1. The Relative Wealth Index used here is the re-scaled one standardized by the median.

The base category for *social class* is "Lower", for *age group* is "Youth (15-25 years)", for the variables for *education level* is "Basic and less", for *marital status* is the category "Single", for *religion, language and race* is "Other" and, for *occupation* is "Student".

Sample (18 countries): Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay and Venezuela.

OLS Regression with robust standard errors in parenthesis.

* p < 0.10, ** p < 0.05, *** p < 0.01

Table 2: Trust, Wealth Quintiles and Subjective Social Class - OLS Regression Estimation
Generalized Trust (0-1)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
High Class	0.047*** (0.010)	0.050*** (0.012)	0.051*** (0.012)	0.050*** (0.012)	0.054*** (0.013)	0.054*** (0.013)	0.045*** (0.014)
Higher Middle Class	0.050*** (0.007)	0.045*** (0.008)	0.045*** (0.008)	0.043*** (0.008)	0.041*** (0.008)	0.041*** (0.008)	0.043*** (0.009)
Middle Class	0.012*** (0.004)	0.003 (0.004)	0.003 (0.004)	0.003 (0.004)	0.002 (0.005)	0.002 (0.005)	-0.000 (0.005)
Low Middle Class	0.003 (0.004)	0.001 (0.005)	0.002 (0.005)	0.001 (0.005)	0.003 (0.005)	0.003 (0.005)	0.001 (0.005)
Q2 Wealth		-0.010** (0.005)	-0.011** (0.005)	-0.010** (0.005)	-0.006 (0.005)	-0.006 (0.005)	-0.005 (0.005)
Q3 Wealth		-0.008 (0.005)	-0.011** (0.005)	-0.010** (0.005)	-0.009* (0.005)	-0.009* (0.005)	-0.006 (0.006)
Q4 Wealth		0.005 (0.005)	-0.000 (0.005)	0.000 (0.005)	0.003 (0.005)	0.003 (0.005)	0.002 (0.005)
Q5 Wealth		0.031*** (0.005)	0.020*** (0.006)	0.020*** (0.006)	0.021*** (0.006)	0.021*** (0.006)	0.023*** (0.006)
26-55 years-old			0.010** (0.004)	0.014*** (0.004)	0.013*** (0.005)	0.013*** (0.005)	0.014*** (0.005)
55+ years-old			0.026*** (0.005)	0.034*** (0.006)	0.033*** (0.006)	0.033*** (0.006)	0.035*** (0.006)
Gender, Male = 1			0.028*** (0.003)	0.025*** (0.003)	0.024*** (0.004)	0.024*** (0.004)	0.022*** (0.004)
Respondent's Educ: Tertiary or plus			0.024*** (0.004)	0.022*** (0.004)	0.018*** (0.005)	0.018*** (0.005)	0.018*** (0.005)
Married/Civil Union				-0.014*** (0.004)	-0.010** (0.004)	-0.010** (0.004)	-0.010** (0.004)
Separated/Divorced/Widowed				-0.007 (0.006)	-0.002 (0.006)	-0.002 (0.006)	-0.001 (0.007)
Public sector				0.010 (0.009)	0.014 (0.010)	0.014 (0.010)	0.011 (0.010)
Private sector, Temporarily out of work and Self employed				0.007 (0.008)	0.008 (0.008)	0.008 (0.008)	0.007 (0.008)
Retired and Not working				-0.002 (0.008)	-0.000 (0.008)	-0.000 (0.008)	-0.003 (0.009)
Spanish				-0.016 (0.015)	-0.014 (0.016)	-0.014 (0.016)	-0.007 (0.017)
Portuguese				0.005 (0.023)	0.016 (0.024)	0.016 (0.024)	0.021 (0.025)
Native or Indigenous Language				0.007 (0.017)	0.015 (0.017)	0.015 (0.017)	0.021 (0.018)
Parents' Educ: Tertiary or plus					0.022*** (0.006)	0.022*** (0.006)	0.022*** (0.006)
Constant	0.221*** (0.007)	0.229*** (0.009)	0.200*** (0.009)	0.242*** (0.025)	0.230*** (0.026)	0.230*** (0.026)	0.226*** (0.029)
N	76,535	56,414	56,412	55,871	50,078	50,078	45,220
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Wave FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Controls-Indiv	No	No	Yes	Yes	Yes	Yes	Yes
Sample-Countries	18	18	18	18	18	18	18
Sample-Years	4	3	3	3	3	3	3

Sources: The data comes from the Latinobarometer survey (2013, 2015, 2017 and 2018).

Notes: Generalized *Trust* comes from the question "Generally speaking, would you say that most people can be trusted, or that you need to be very careful in dealing with people?" Trust is equal to 1 if the respondent answers "Most people can be trusted", and 0 otherwise. Additional individual characteristics used as controls are: for column (3) gender, age group and highest level of education; col(4) marital status, religion, employment status and language; col(5) parents' education and col(7) race/ethnicity.

The Wealth Index was constructed using Principal Component Analysis (PCA) using a set of binary variables that states different household assets and characteristics. The ones considered are: [1] TV, [2] Fridge, [3] Landline, [4] Mobile phone, [5] Vehicles, [6] Washing machine, [7] Hot water, [8] Sewerage, [9] Computer and [10] Drinking water. The PCA was computed per country and year, then re-scaled from 0 to 1. After that, scores were divided into 5 bins, creating wealth quintiles.

The base category for *social class* is "Lower", for *age group* is "Youth (15-25 years)", for the variables for *education level* is "Basic and less", for *marital status* is the category "Single", for *religion, language and race* is "Other" and, for *occupation* is "Student".

Sample (18 countries): Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay and Venezuela.

OLS Regression with robust standard errors in parenthesis.

* p < 0.10, ** p < 0.05, *** p < 0.01

Table 3: Trust, Relative Wealth and Subjective Social Class - OLS Regression Estimation
Trust in Government (0-1)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
High Class	0.121*** (0.012)	0.126*** (0.013)	0.129*** (0.013)	0.130*** (0.013)	0.129*** (0.014)	0.129*** (0.014)	0.127*** (0.015)
Higher Middle Class	0.094*** (0.008)	0.108*** (0.009)	0.110*** (0.009)	0.110*** (0.009)	0.104*** (0.009)	0.104*** (0.009)	0.101*** (0.010)
Middle Class	0.047*** (0.004)	0.058*** (0.005)	0.060*** (0.005)	0.059*** (0.005)	0.057*** (0.005)	0.057*** (0.005)	0.057*** (0.006)
Low Middle Class	0.021*** (0.004)	0.025*** (0.005)	0.027*** (0.005)	0.027*** (0.005)	0.024*** (0.005)	0.024*** (0.005)	0.023*** (0.006)
Relative Wealth Factor -PCA		-0.007*** (0.002)	-0.009*** (0.002)	-0.009*** (0.002)	-0.009*** (0.002)	-0.009*** (0.002)	-0.009*** (0.002)
26-55 years-old			0.008* (0.004)	0.005 (0.005)	0.007 (0.005)	0.007 (0.005)	0.007 (0.006)
55+ years-old			0.046*** (0.005)	0.040*** (0.006)	0.040*** (0.007)	0.040*** (0.007)	0.040*** (0.007)
Gender, Male = 1			0.013*** (0.004)	0.017*** (0.004)	0.018*** (0.004)	0.018*** (0.004)	0.018*** (0.004)
Respondent's Educ: Tertiary or plus			0.019*** (0.005)	0.016*** (0.005)	0.011** (0.005)	0.011** (0.005)	0.011** (0.005)
Married/Civil Union				0.003 (0.004)	0.002 (0.005)	0.002 (0.005)	0.003 (0.005)
Separated/Divorced/Widowed				0.001 (0.007)	0.003 (0.007)	0.003 (0.007)	0.003 (0.007)
Public sector				0.027*** (0.010)	0.035*** (0.011)	0.035*** (0.011)	0.037*** (0.011)
Private sector, Temporarily out of work and Self employed				-0.013 (0.009)	-0.006 (0.009)	-0.006 (0.009)	-0.006 (0.009)
Retired and Not working				-0.004 (0.009)	0.004 (0.009)	0.004 (0.009)	0.006 (0.010)
Spanish				-0.009 (0.018)	-0.003 (0.019)	-0.003 (0.019)	0.015 (0.020)
Portuguese				0.035 (0.034)	0.044 (0.036)	0.044 (0.036)	0.060* (0.035)
Native or Indigenous Language				0.010 (0.019)	0.010 (0.020)	0.010 (0.020)	0.027 (0.021)
Parents' Educ: Tertiary or plus					0.023*** (0.007)	0.023*** (0.007)	0.025*** (0.007)
Constant	0.410*** (0.008)	0.415*** (0.009)	0.384*** (0.010)	0.417*** (0.028)	0.398*** (0.029)	0.398*** (0.029)	0.376*** (0.032)
N	96,756	76,046	76,044	75,231	67,135	67,135	61,127
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Wave FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Controls-Indiv	No	No	Yes	Yes	Yes	Yes	Yes
Sample-Countries	18	18	18	18	18	18	18
Sample-Years	5	4	4	4	4	4	4

Sources: The data comes from the Latinobarometer survey (2011, 2013, 2015, 2017 and 2018).

Notes: The dependent variable is *Trust in government* and comes from the question "*How much trust you have in each of the following groups/institutions?*" The answers were re-coded such as trust is equal to 1 if the respondent answered "*A lot*" or "*Some*", and 0 when the answer is "*A little*" or "*No trust*".

Additional individual characteristics used as controls are: for column (3) gender, age group and highest level of education; col(4) marital status, religion, employment status and language; col(5) parents' education and col(7) race/ethnicity.

The Wealth Index was constructed using Principal Component Analysis (PCA) using a set of binary variables that states different household assets and characteristics. The ones considered are: [1] TV, [2] Fridge, [3] Landline, [4] Mobile phone, [5] Vehicles, [6] Washing machine, [7] Hot water, [8] Sewerage, [9] Computer and [10] Drinking water. The PCA was computed per country and year, then re-scaled from 0 to 1. The Relative Wealth Index used here is the re-scaled one and standardized by the median.

The base category for *social class* is "*Lower*", for *age group* is "*Youth (15-25 years)*", for the variables for *education level* is "*Basic and less*", for *marital status* is the category "*Single*", for *religion, language and race* is "*Other*" and, for *occupation* is "*Student*".

Sample (18 countries): Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay and Venezuela.

OLS Regression with robust standard errors in parenthesis.

* p < 0.10, ** p < 0.05, *** p < 0.01

Table 4: Trust, Relative Wealth and Subjective Income - OLS Regression Estimation
Generalized Trust (0-1)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
It's enough, we can save	0.062*** (0.003)	0.059*** (0.003)	0.055*** (0.003)	0.050*** (0.004)	0.045*** (0.004)	0.045*** (0.004)	0.058*** (0.005)
It's just enough, we don't have major problems	0.029*** (0.002)	0.029*** (0.002)	0.027*** (0.002)	0.024*** (0.003)	0.022*** (0.003)	0.022*** (0.003)	0.032*** (0.004)
It's not enough, we have problems	0.007*** (0.002)	0.006*** (0.002)	0.006*** (0.002)	0.005* (0.003)	0.003 (0.003)	0.003 (0.003)	0.008** (0.004)
Relative Wealth Factor -PCA		0.002** (0.001)	-0.000 (0.001)	-0.001 (0.001)	-0.001 (0.001)	-0.001 (0.001)	-0.000 (0.001)
26-55 years-old			0.006*** (0.002)	0.006** (0.002)	0.007*** (0.003)	0.007*** (0.003)	0.004 (0.003)
55+ years-old			0.022*** (0.002)	0.026*** (0.003)	0.026*** (0.003)	0.026*** (0.003)	0.021*** (0.004)
Gender, Male = 1			0.022*** (0.001)	0.022*** (0.002)	0.022*** (0.002)	0.022*** (0.002)	0.022*** (0.003)
Respondent's Educ: Tertiary or plus			0.018*** (0.002)	0.019*** (0.002)	0.016*** (0.003)	0.016*** (0.003)	0.013*** (0.003)
Married/Civil Union				-0.005** (0.002)	-0.005** (0.002)	-0.005** (0.002)	-0.002 (0.003)
Separated/Divorced/Widowed				-0.002 (0.003)	0.000 (0.004)	0.000 (0.004)	0.008* (0.004)
Public sector				0.007 (0.005)	0.009* (0.005)	0.009* (0.005)	0.007 (0.007)
Private sector, Temporarily out of work and Self employed				-0.001 (0.004)	0.001 (0.004)	0.001 (0.004)	0.001 (0.005)
Retired and Not working				-0.004 (0.004)	-0.002 (0.004)	-0.002 (0.004)	-0.004 (0.006)
Spanish				-0.003 (0.008)	-0.004 (0.009)	-0.004 (0.009)	0.003 (0.011)
Portuguese				0.039*** (0.015)	0.043*** (0.016)	0.043*** (0.016)	0.039** (0.017)
Native or Indigenous Language				0.018** (0.008)	0.019** (0.009)	0.019** (0.009)	0.031*** (0.011)
Parents' Educ: Tertiary or plus					0.015*** (0.004)	0.015*** (0.004)	0.018*** (0.004)
Constant	0.208*** (0.004)	0.204*** (0.005)	0.180*** (0.005)	0.227*** (0.015)	0.226*** (0.015)	0.226*** (0.015)	0.167*** (0.019)
N	351,749	320,468	317,618	235,403	210,490	210,490	120,939
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Wave FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Controls-Indiv	No	No	Yes	Yes	Yes	Yes	Yes
Sample-Countries	18	18	18	18	18	18	18
Sample-Years	19	18	18	13	13	13	8

Sources: The data comes from the Latinobarometer survey (1996-2010, 2013-2018).

Notes: Generalized *Trust* comes from the question "Generally speaking, would you say that most people can be trusted, or that you need to be very careful in dealing with people?" Trust is equal to 1 if the respondent answers "Most people can be trusted", and 0 otherwise. Additional individual characteristics used as controls are: for column (3) gender, age group and highest level of education; col(4) marital status, religion, employment status and language; col(5) parents' education and col(7) race/ethnicity.

The Wealth Index was constructed using Principal Component Analysis (PCA) using a set of binary variables that states different household assets and characteristics. The ones considered are: [1] TV, [2] Fridge, [3] Landline, [4] Mobile phone, [5] Vehicles, [6] Washing machine, [7] Hot water, [8] Sewerage, [9] Computer and [10] Drinking water. The PCA was computed per country and year, then re-scaled from 0 to 1. The Relative Wealth Index used here is the re-scaled one and standardized by the median.

The base category for the variable *subjective income* is "It's not enough, we have major problems", for *age group* is "Youth (15-25 years)", for the variables for *education level* is "Basic and less", for *marital status* is the category "Single", for *religion, language and race* is "Other" and, for *occupation* is "Student".

Sample (18 countries): Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay and Venezuela.

OLS Regression with robust standard errors in parenthesis.

* p < 0.10, ** p < 0.05, *** p < 0.01

Table 5: Trust, Relative Wealth and Subjective Income - OLS Regression Estimation
Trust in Government (0-1)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
It's enough, we can save	0.122*** (0.004)	0.135*** (0.004)	0.138*** (0.004)	0.139*** (0.004)	0.143*** (0.005)	0.143*** (0.005)	0.150*** (0.006)
It's just enough, we don't have major problems	0.093*** (0.003)	0.101*** (0.003)	0.104*** (0.003)	0.105*** (0.003)	0.107*** (0.003)	0.107*** (0.003)	0.108*** (0.004)
It's not enough, we have problems	0.035*** (0.003)	0.038*** (0.003)	0.040*** (0.003)	0.040*** (0.003)	0.041*** (0.003)	0.041*** (0.003)	0.039*** (0.004)
Relative Wealth Factor -PCA		-0.013*** (0.001)	-0.014*** (0.001)	-0.014*** (0.001)	-0.015*** (0.001)	-0.015*** (0.001)	-0.013*** (0.002)
26-55 years-old			0.024*** (0.002)	0.020*** (0.003)	0.020*** (0.003)	0.020*** (0.003)	0.018*** (0.004)
55+ years-old			0.056*** (0.003)	0.050*** (0.004)	0.049*** (0.004)	0.049*** (0.004)	0.044*** (0.005)
Gender, Male = 1			0.011*** (0.002)	0.015*** (0.002)	0.016*** (0.002)	0.016*** (0.002)	0.018*** (0.003)
Respondent's Educ: Tertiary or plus			0.012*** (0.003)	0.010*** (0.003)	0.009*** (0.003)	0.009*** (0.003)	0.007* (0.004)
Married/Civil Union				0.003 (0.002)	0.004 (0.003)	0.004 (0.003)	0.005 (0.003)
Separated/Divorced/Widowed				0.005 (0.004)	0.006 (0.004)	0.006 (0.004)	0.007 (0.005)
Public sector				0.028*** (0.006)	0.030*** (0.006)	0.030*** (0.006)	0.030*** (0.008)
Private sector, Temporarily out of work and Self employed				-0.006 (0.005)	-0.004 (0.005)	-0.004 (0.005)	-0.009 (0.006)
Retired and Not working				0.004 (0.005)	0.006 (0.005)	0.006 (0.005)	0.003 (0.007)
Spanish				-0.047*** (0.010)	-0.040*** (0.011)	-0.040*** (0.011)	-0.033*** (0.014)
Portuguese				-0.022 (0.018)	-0.018 (0.019)	-0.018 (0.019)	0.023 (0.023)
Native or Indigenous Language				-0.006 (0.011)	-0.003 (0.012)	-0.003 (0.012)	0.015 (0.015)
Parents' Educ: Tertiary or plus					0.001 (0.004)	0.001 (0.004)	0.002 (0.005)
Constant	0.229*** (0.005)	0.217*** (0.006)	0.178*** (0.006)	0.203*** (0.017)	0.194*** (0.018)	0.194*** (0.018)	0.288*** (0.023)
N	306,127	278,058	276,789	257,445	230,002	230,002	137,923
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Wave FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Controls-Indiv	No	No	Yes	Yes	Yes	Yes	Yes
Sample-Countries	18	18	18	18	18	18	18
Sample-Years	16	15	15	14	14	14	9

Sources: The data comes from the Latinobarometer survey (1996, 2002-2018).

Notes: The dependent variable is *Trust in government* and comes from the question "How much trust you have in each of the following groups/institutions?" The answers were re-coded such as trust is equal to 1 if the respondent answered "A lot" or "Some", and 0 when the answer is "A little" or "No trust".

Additional individual characteristics used as controls are: for column (3) gender, age group and highest level of education; col(4) marital status, religion, employment status and language; col(5) parents' education and col(7) race/ethnicity.

The Wealth Index was constructed using Principal Component Analysis (PCA) using a set of binary variables that states different household assets and characteristics. The ones considered are: [1] TV, [2] Fridge, [3] Landline, [4] Mobile phone, [5] Vehicles, [6] Washing machine, [7] Hot water, [8] Sewerage, [9] Computer and [10] Drinking water. The PCA was computed per country and year, then re-scaled from 0 to 1. The Relative Wealth Index used here is the re-scaled one and standardized by the median.

The base category for *subjective income* is "It's not enough, we have major problems", for *age group* is "Youth (15-25 years)", for the variables for *education level* is "Basic and less", for *marital status* is the category "Single", for *religion, language and race* is "Other" and, for *occupation* is "Student".

Sample (18 countries): Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay and Venezuela.

OLS Regression with robust standard errors in parenthesis.

* p < 0.10, ** p < 0.05, *** p < 0.01

Table 6: Trust, Relative Wealth and Fairness of Income Distribution - OLS Regression Estimation
Generalized Trust (0-1)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Very Fair	0.177*** (0.007)	0.173*** (0.007)	0.173*** (0.007)	0.154*** (0.008)	0.148*** (0.009)	0.148*** (0.009)	0.155*** (0.009)
Fair	0.099*** (0.003)	0.097*** (0.003)	0.096*** (0.003)	0.084*** (0.004)	0.084*** (0.004)	0.084*** (0.004)	0.094*** (0.004)
Unfair	0.016*** (0.002)	0.015*** (0.002)	0.015*** (0.002)	0.013*** (0.002)	0.013*** (0.003)	0.013*** (0.003)	0.018*** (0.003)
Relative Wealth Factor -PCA		0.009*** (0.001)	0.006*** (0.001)	0.006*** (0.001)	0.007*** (0.001)	0.007*** (0.001)	0.006*** (0.001)
26-55 years-old			0.006** (0.002)	0.007** (0.003)	0.008*** (0.003)	0.008*** (0.003)	0.008** (0.003)
55+ years-old			0.022*** (0.003)	0.026*** (0.004)	0.026*** (0.004)	0.026*** (0.004)	0.025*** (0.004)
Gender, Male = 1			0.024*** (0.002)	0.022*** (0.002)	0.022*** (0.002)	0.022*** (0.002)	0.020*** (0.003)
Respondent's Educ: Tertiary or plus			0.024*** (0.003)	0.022*** (0.003)	0.017*** (0.003)	0.017*** (0.003)	0.020*** (0.003)
Married/Civil Union				-0.003 (0.003)	-0.003 (0.003)	-0.003 (0.003)	-0.003 (0.003)
Separated/Divorced/Widowed				0.003 (0.004)	0.006 (0.004)	0.006 (0.004)	0.007 (0.005)
Public sector				0.003 (0.006)	0.006 (0.006)	0.006 (0.006)	0.008 (0.007)
Private sector, Temporarily out of work and Self employed				-0.001 (0.005)	0.001 (0.005)	0.001 (0.005)	0.003 (0.006)
Retired and Not working				-0.007 (0.005)	-0.004 (0.006)	-0.004 (0.006)	-0.004 (0.006)
Spanish				-0.011 (0.010)	-0.009 (0.010)	-0.009 (0.010)	-0.005 (0.012)
Portuguese				0.012 (0.017)	0.015 (0.017)	0.015 (0.017)	0.033* (0.018)
Native or Indigenous Language				0.012 (0.011)	0.016 (0.011)	0.016 (0.011)	0.028** (0.012)
Parents' Educ: Tertiary or plus					0.019*** (0.004)	0.019*** (0.004)	0.024*** (0.005)
Constant	0.238*** (0.005)	0.239*** (0.005)	0.212*** (0.006)	0.236*** (0.017)	0.234*** (0.018)	0.234*** (0.018)	0.171*** (0.020)
N	201,271	176,723	175,580	142,430	127,409	127,409	103,905
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Wave FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Controls-Indiv	No	No	Yes	Yes	Yes	Yes	Yes
Sample-Countries	18	18	18	18	18	18	18
Sample-Years	11	10	10	8	8	8	7

Sources: The data comes from the Latinobarometer survey (1997, 2001-2002, 2007, 2009-2010, 2013-2018).

Notes: Generalized *Trust* comes from the question "Generally speaking, would you say that most people can be trusted, or that you need to be very careful in dealing with people?" Trust is equal to 1 if the respondent answers "Most people can be trusted", and 0 otherwise. Additional individual characteristics used as controls are: for column (3) gender, age group and highest level of education; col(4) marital status, religion, employment status and language; col(5) parents' education and col(7) race/ethnicity.

The Wealth Index was constructed using Principal Component Analysis (PCA) using a set of binary variables that states different household assets and characteristics. The ones considered are:[1] TV, [2] Fridge, [3] Landline, [4] Mobile phone, [5] Vehicles, [6] Washing machine, [7] Hot water, [8] Sewerage, [9] Computer and [10] Drinking water. The PCA was computed per country and year, then re-scaled from 0 to 1. The Relative Wealth Index used here is the re-scaled one and standardized by the median.

The base category for the perception variable of *fairness of income distribution* is "Very Unfair", for *age group* is "Youth (15-25 years)", for the variables for *education level* is "Secondary and less", for *marital status* is the category "Single", for *religion, language and race* is "Other" and, for *occupation* is "Student".

Sample (18 countries): Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay and Venezuela.

OLS Regression with robust standard errors in parenthesis.

* p < 0.10, ** p < 0.05, *** p < 0.01

Table 7: Trust, Wealth Quintiles and Fairness of Income Distribution - OLS Regression Estimation
Generalized Trust (0-1)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Very Fair	0.177*** (0.007)	0.173*** (0.007)	0.173*** (0.007)	0.154*** (0.008)	0.148*** (0.009)	0.148*** (0.009)	0.155*** (0.009)
Fair	0.099*** (0.003)	0.097*** (0.003)	0.096*** (0.003)	0.084*** (0.004)	0.084*** (0.004)	0.084*** (0.004)	0.093*** (0.004)
Unfair	0.016*** (0.002)	0.015*** (0.002)	0.015*** (0.002)	0.013*** (0.002)	0.013*** (0.003)	0.013*** (0.003)	0.018*** (0.003)
Q2 Wealth		-0.007** (0.003)	-0.008*** (0.003)	-0.010*** (0.003)	-0.008** (0.003)	-0.008** (0.003)	-0.007* (0.004)
Q3 Wealth		-0.004 (0.003)	-0.006* (0.003)	-0.007** (0.003)	-0.004 (0.003)	-0.004 (0.003)	-0.003 (0.004)
Q4 Wealth		0.009*** (0.003)	0.004 (0.003)	0.004 (0.003)	0.005 (0.003)	0.005 (0.003)	0.006 (0.004)
Q5 Wealth		0.026*** (0.003)	0.017*** (0.003)	0.016*** (0.004)	0.016*** (0.004)	0.016*** (0.004)	0.020*** (0.004)
26-55 years-old			0.005** (0.002)	0.007** (0.003)	0.008*** (0.003)	0.008*** (0.003)	0.008** (0.003)
55+ years-old			0.022*** (0.003)	0.026*** (0.004)	0.026*** (0.004)	0.026*** (0.004)	0.025*** (0.004)
Gender, Male = 1			0.024*** (0.002)	0.022*** (0.002)	0.022*** (0.002)	0.022*** (0.002)	0.020*** (0.003)
Respondent's Educ: Tertiary or plus			0.023*** (0.003)	0.021*** (0.003)	0.017*** (0.003)	0.017*** (0.003)	0.018*** (0.003)
Married/Civil Union				-0.004 (0.003)	-0.003 (0.003)	-0.003 (0.003)	-0.003 (0.003)
Separated/Divorced/Widowed				0.003 (0.004)	0.006 (0.004)	0.006 (0.004)	0.007 (0.005)
Public sector				0.003 (0.006)	0.006 (0.006)	0.006 (0.006)	0.008 (0.007)
Private sector, Temporarily out of work and Self employed				-0.001 (0.005)	0.001 (0.005)	0.001 (0.005)	0.003 (0.006)
Retired and Not working				-0.007 (0.005)	-0.004 (0.006)	-0.004 (0.006)	-0.004 (0.006)
Spanish				-0.011 (0.010)	-0.009 (0.010)	-0.009 (0.010)	-0.005 (0.012)
Portuguese				0.013 (0.017)	0.015 (0.017)	0.015 (0.017)	0.033* (0.018)
Native or Indigenous Language				0.012 (0.011)	0.015 (0.011)	0.015 (0.011)	0.029** (0.012)
Parents' Educ: Tertiary or plus					0.018*** (0.004)	0.018*** (0.004)	0.022*** (0.005)
Constant	0.238*** (0.005)	0.234*** (0.006)	0.211*** (0.006)	0.236*** (0.017)	0.233*** (0.018)	0.233*** (0.018)	0.169*** (0.020)
N	201,271	176,723	175,580	142,430	127,409	127,409	103,905
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Wave FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Controls-Indiv	No	No	Yes	Yes	Yes	Yes	Yes
Sample-Countries	18	18	18	18	18	18	18
Sample-Years	11	10	10	8	8	8	7

Sources: The data comes from the Latinobarometer survey (1997, 2001-2002, 2007, 2009-2010, 2013-2018).

Notes: Generalized *Trust* comes from the question "Generally speaking, would you say that most people can be trusted, or that you need to be very careful in dealing with people?" Trust is equal to 1 if the respondent answers "Most people can be trusted", and 0 otherwise. Additional individual characteristics used as controls are: for column (3) gender, age group and highest level of education; col(4) marital status, religion, employment status and language; col(5) parents' education and col(7) race/ethnicity.

The Wealth Index was constructed using Principal Component Analysis (PCA) using a set of binary variables that states different household assets and characteristics. The ones considered are:[1] TV, [2] Fridge, [3] Landline, [4] Mobile phone, [5] Vehicles, [6] Washing machine, [7] Hot water, [8] Sewerage, [9] Computer and [10] Drinking water. The PCA was computed per country and year, then re-scaled from 0 to 1. After that, scores were divided into 5 bins, creating wealth quintiles.

The base category for the perception variable of *fairness of income distribution* is "Very Unfair", for *age group* is "Youth (15-25 years)", for the variables for *education level* is "Secondary and less", for *marital status* is the category "Single", for *religion, language and race* is "Other" and, for *occupation* is "Student".

Sample (18 countries): Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay and Venezuela.

OLS Regression with robust standard errors in parenthesis.

* p < 0.10, ** p < 0.05, *** p < 0.01

Table 8: Trust, Relative Wealth and Fairness of Income Distribution - OLS Regression Estimation
Trust in Government (0-1)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Very Fair	0.346*** (0.007)	0.342*** (0.008)	0.344*** (0.008)	0.344*** (0.008)	0.346*** (0.009)	0.346*** (0.009)	0.377*** (0.009)
Fair	0.345*** (0.004)	0.344*** (0.004)	0.347*** (0.004)	0.346*** (0.004)	0.348*** (0.004)	0.348*** (0.004)	0.359*** (0.004)
Unfair	0.110*** (0.003)	0.111*** (0.003)	0.112*** (0.003)	0.112*** (0.003)	0.114*** (0.003)	0.114*** (0.003)	0.119*** (0.003)
Relative Wealth Factor -PCA		0.000 (0.001)	-0.003** (0.001)	-0.003** (0.001)	-0.003** (0.001)	-0.003** (0.001)	-0.003** (0.002)
26-55 years-old			0.029*** (0.003)	0.024*** (0.003)	0.025*** (0.004)	0.025*** (0.004)	0.023*** (0.004)
55+ years-old			0.059*** (0.004)	0.051*** (0.004)	0.050*** (0.005)	0.050*** (0.005)	0.047*** (0.005)
Gender, Male = 1			0.013*** (0.002)	0.017*** (0.003)	0.018*** (0.003)	0.018*** (0.003)	0.018*** (0.003)
Respondent's Educ: Tertiary or plus			0.034*** (0.003)	0.031*** (0.003)	0.029*** (0.003)	0.029*** (0.003)	0.029*** (0.004)
Married/Civil Union				0.008*** (0.003)	0.009*** (0.003)	0.009*** (0.003)	0.009*** (0.003)
Separated/Divorced/Widowed				0.014*** (0.005)	0.014*** (0.005)	0.014*** (0.005)	0.014*** (0.005)
Public sector				0.021*** (0.007)	0.026*** (0.007)	0.026*** (0.007)	0.026*** (0.008)
Private sector, Temporarily out of work and Self employed				-0.014** (0.006)	-0.009 (0.006)	-0.009 (0.006)	-0.010 (0.006)
Retired and Not working				-0.005 (0.006)	-0.000 (0.006)	-0.000 (0.006)	0.001 (0.007)
Spanish				-0.033*** (0.012)	-0.030** (0.013)	-0.030** (0.013)	-0.023 (0.014)
Portuguese				0.005 (0.022)	0.003 (0.022)	0.003 (0.022)	0.022 (0.024)
Native or Indigenous Language				0.005 (0.013)	0.004 (0.014)	0.004 (0.014)	0.014 (0.015)
Parents' Educ: Tertiary or plus					0.012*** (0.005)	0.012*** (0.005)	0.013*** (0.005)
Constant	0.144*** (0.006)	0.145*** (0.006)	0.100*** (0.006)	0.141*** (0.019)	0.127*** (0.020)	0.127*** (0.020)	0.231*** (0.023)
N	188,701	165,288	165,260	162,659	145,262	145,262	120,303
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Wave FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Controls-Indiv	No	No	Yes	Yes	Yes	Yes	Yes
Sample-Countries	18	18	18	18	18	18	18
Sample-Years	10	9	9	9	9	9	8

Sources: The data comes from the Latinobarometer survey (2002, 2007, 2009-2018).

Notes: The dependent variable is *Trust in government* and comes from the question "How much trust you have in each of the following groups/institutions?" The answers were re-coded such as trust is equal to 1 if the respondent answered "A lot" or "Some", and 0 when the answer is "A little" or "No trust".

Additional individual characteristics used as controls are: for column (3) gender, age group and highest level of education; col(4) marital status, religion, employment status and language; col(5) parents' education and col(7) race/ethnicity.

The Wealth Index was constructed using Principal Component Analysis (PCA) using a set of binary variables that states different household assets and characteristics. The ones considered are: [1] TV, [2] Fridge, [3] Landline, [4] Mobile phone, [5] Vehicles, [6] Washing machine, [7] Hot water, [8] Sewerage, [9] Computer and [10] Drinking water. The PCA was computed per country and year, then re-scaled from 0 to 1. The Relative Wealth Index used here is the re-scaled one and standardized by the median.

The base category for the perception variable of *fairness of income distribution* is "Very Unfair", for *age group* is "Youth (15-25 years)", for the variables for *education level* is "Basic and less", for *marital status* is the category "Single", for *religion, language and race* is "Other" and, for *occupation* is "Student".

Sample (18 countries): Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay and Venezuela.

OLS Regression with robust standard errors in parenthesis.

* p < 0.10, ** p < 0.05, *** p < 0.01

Table 9: Trust, Relative Wealth and Life Satisfaction - OLS Regression Estimation
Generalized Trust (0-1)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Very Satisfied	0.075*** (0.003)	0.075*** (0.003)	0.073*** (0.004)	0.056*** (0.004)	0.055*** (0.005)	0.055*** (0.005)	0.052*** (0.006)
Somehow satisfied	0.059*** (0.003)	0.060*** (0.003)	0.058*** (0.003)	0.040*** (0.004)	0.039*** (0.005)	0.039*** (0.005)	0.031*** (0.006)
Not very satisfied	0.026*** (0.003)	0.026*** (0.003)	0.025*** (0.003)	0.011** (0.004)	0.012** (0.005)	0.012** (0.005)	0.008 (0.006)
Relative Wealth Factor -PCA		0.003*** (0.001)	0.001 (0.001)	0.000 (0.001)	0.000 (0.001)	0.000 (0.001)	0.002* (0.001)
26-55 years-old			0.003 (0.002)	0.005* (0.002)	0.005** (0.003)	0.005** (0.003)	0.003 (0.003)
55+ years-old			0.019*** (0.002)	0.025*** (0.003)	0.024*** (0.003)	0.024*** (0.003)	0.021*** (0.004)
Gender, Male = 1			0.024*** (0.002)	0.022*** (0.002)	0.022*** (0.002)	0.022*** (0.002)	0.023*** (0.002)
Respondent's Educ: Tertiary or plus			0.022*** (0.002)	0.021*** (0.003)	0.017*** (0.003)	0.017*** (0.003)	0.014*** (0.003)
Married/Civil Union				-0.007*** (0.002)	-0.007*** (0.002)	-0.007*** (0.002)	-0.004 (0.003)
Separated/Divorced/Widowed				-0.002 (0.003)	0.000 (0.004)	0.000 (0.004)	0.008* (0.004)
Public sector				0.007 (0.005)	0.010* (0.005)	0.010* (0.005)	0.008 (0.007)
Private sector, Temporarily out of work and Self employed				-0.001 (0.004)	0.001 (0.004)	0.001 (0.004)	0.002 (0.005)
Retired and Not working				-0.006 (0.004)	-0.002 (0.005)	-0.002 (0.005)	-0.003 (0.006)
Spanish				-0.003 (0.008)	-0.006 (0.009)	-0.006 (0.009)	0.003 (0.011)
Portuguese				0.042*** (0.015)	0.045*** (0.016)	0.045*** (0.016)	0.039** (0.017)
Native or Indigenous Language				0.021** (0.009)	0.022** (0.009)	0.022** (0.009)	0.032*** (0.011)
Parents' Educ: Tertiary or plus					0.018*** (0.004)	0.018*** (0.004)	0.020*** (0.004)
Constant	0.219*** (0.005)	0.216*** (0.005)	0.194*** (0.006)	0.184*** (0.015)	0.183*** (0.015)	0.183*** (0.015)	0.162*** (0.020)
N	304,177	275,724	274,551	222,010	198,689	198,689	122,618
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Wave FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Controls-Indiv	No	No	Yes	Yes	Yes	Yes	Yes
Sample-Countries	18	18	18	18	18	18	18
Sample-Years	16	15	15	12	12	12	8

Sources: The data comes from the Latinobarometer survey (1997, 2000-2001, 2003-2010, 2013-2018).

Notes: Generalized *Trust* comes from the question "Generally speaking, would you say that most people can be trusted, or that you need to be very careful in dealing with people?" Trust is equal to 1 if the respondent answers "Most people can be trusted", and 0 otherwise. Additional individual characteristics used as controls are: for column (3) gender, age group and highest level of education; col(4) marital status, religion, employment status and language; col(5) parents' education and col(7) race/ethnicity.

The Wealth Index was constructed using Principal Component Analysis (PCA) using a set of binary variables that states different household assets and characteristics. The ones considered are:[1] TV, [2] Fridge, [3] Landline, [4] Mobile phone, [5] Vehicles, [6] Washing machine, [7] Hot water, [8] Sewerage, [9] Computer and [10] Drinking water. The PCA was computed per country and year, then re-scaled from 0 to 1. The Relative Wealth Index used here is the re-scaled one and standardized by the median.

The base category for *general life satisfaction* is "Not satisfied at all", for *age group* is "Youth (15-25 years)", for the variables for *education level* is "Basic and less", for *marital status* is the category "Single", for *religion, language and race* is "Other" and, for *occupation* is "Student".

Sample (18 countries): Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay and Venezuela.

OLS Regression with robust standard errors in parenthesis.

* p < 0.10, ** p < 0.05, *** p < 0.01

Table 10: Trust, Relative Wealth and Life Satisfaction - OLS Regression Estimation
Trust in Government (0-1)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Very Satisfied	0.185*** (0.005)	0.188*** (0.005)	0.192*** (0.005)	0.192*** (0.005)	0.187*** (0.005)	0.187*** (0.005)	0.201*** (0.006)
Somehow satisfied	0.166*** (0.005)	0.168*** (0.005)	0.171*** (0.005)	0.171*** (0.005)	0.165*** (0.005)	0.165*** (0.005)	0.179*** (0.006)
Not very satisfied	0.083*** (0.005)	0.084*** (0.005)	0.087*** (0.005)	0.086*** (0.005)	0.080*** (0.005)	0.080*** (0.005)	0.084*** (0.007)
Relative Wealth Factor -PCA		-0.008*** (0.001)	-0.009*** (0.001)	-0.008*** (0.001)	-0.009*** (0.001)	-0.009*** (0.001)	-0.006*** (0.001)
26-55 years-old			0.020*** (0.002)	0.017*** (0.003)	0.017*** (0.003)	0.017*** (0.003)	0.018*** (0.004)
55+ years-old			0.053*** (0.003)	0.047*** (0.004)	0.046*** (0.004)	0.046*** (0.004)	0.046*** (0.005)
Gender, Male = 1			0.014*** (0.002)	0.018*** (0.002)	0.018*** (0.002)	0.018*** (0.002)	0.021*** (0.003)
Respondent's Educ: Tertiary or plus			0.015*** (0.003)	0.014*** (0.003)	0.012*** (0.003)	0.012*** (0.003)	0.010*** (0.004)
Married/Civil Union				0.000 (0.003)	0.001 (0.003)	0.001 (0.003)	0.003 (0.003)
Separated/Divorced/Widowed				0.005 (0.004)	0.006 (0.004)	0.006 (0.004)	0.009* (0.005)
Public sector				0.028*** (0.006)	0.029*** (0.006)	0.029*** (0.006)	0.030*** (0.008)
Private sector, Temporarily out of work and Self employed				-0.005 (0.005)	-0.003 (0.005)	-0.003 (0.005)	-0.007 (0.006)
Retired and Not working				0.003 (0.005)	0.005 (0.005)	0.005 (0.005)	0.003 (0.007)
Spanish				-0.044*** (0.010)	-0.037*** (0.011)	-0.037*** (0.011)	-0.030** (0.014)
Portuguese				-0.014 (0.019)	-0.007 (0.020)	-0.007 (0.020)	0.030 (0.023)
Native or Indigenous Language				0.001 (0.011)	0.005 (0.012)	0.005 (0.012)	0.024 (0.015)
Parents' Educ: Tertiary or plus					0.005 (0.004)	0.005 (0.004)	0.006 (0.005)
Constant	0.123*** (0.007)	0.122*** (0.007)	0.084*** (0.007)	0.118*** (0.017)	0.115*** (0.018)	0.115*** (0.018)	0.207*** (0.023)
N	275,145	248,531	248,503	244,102	218,211	218,211	139,816
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Wave FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Controls-Indiv	No	No	Yes	Yes	Yes	Yes	Yes
Sample-Countries	18	18	18	18	18	18	18
Sample-Years	14	13	13	13	13	13	9

Sources: The data comes from the Latinobarometer survey (2003-2018).

Notes: The dependent variable is *Trust in government* and comes from the question "How much trust you have in each of the following groups/institutions?" The answers were re-coded such as trust is equal to 1 if the respondent answered "A lot" or "Some", and 0 when the answer is "A little" or "No trust".

Additional individual characteristics used as controls are: for column (3) gender, age group and highest level of education; col(4) marital status, religion, employment status and language; col(5) parents' education and col(7) race/ethnicity.

The Wealth Index was constructed using Principal Component Analysis (PCA) using a set of binary variables that states different household assets and characteristics. The ones considered are: [1] TV, [2] Fridge, [3] Landline, [4] Mobile phone, [5] Vehicles, [6] Washing machine, [7] Hot water, [8] Sewerage, [9] Computer and [10] Drinking water. The PCA was computed per country and year, then re-scaled from 0 to 1. The Relative Wealth Index used here is the re-scaled one and standardized by the median.

The base category for *general life satisfaction* is "Not satisfied at all", for *age group* is "Youth (15-25 years)", for the variables for *education level* is "Basic and less", for *marital status* is the category "Single", for *religion, language and race* is "Other" and, for *occupation* is "Student".

Sample (18 countries): Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay and Venezuela.

OLS Regression with robust standard errors in parenthesis.

* p < 0.10, ** p < 0.05, *** p < 0.01

Table 11: Trust, Relative Wealth and Happiness - OLS Regression Estimation
Generalized Trust (0-1)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Happiness (0-1)	0.030*** (0.005)	0.030*** (0.005)	0.030*** (0.005)	0.030*** (0.006)	0.027*** (0.006)	0.027*** (0.006)	0.025*** (0.008)
Relative Wealth Factor -PCA		-0.000 (0.003)	-0.001 (0.003)	-0.001 (0.003)	-0.001 (0.003)	-0.001 (0.003)	-0.010** (0.005)
26-55 years-old			-0.008 (0.006)	-0.006 (0.007)	-0.002 (0.007)	-0.002 (0.007)	-0.015 (0.011)
55+ years-old			0.011 (0.008)	0.011 (0.009)	0.017* (0.010)	0.017* (0.010)	0.001 (0.014)
Gender, Male = 1			0.026*** (0.005)	0.028*** (0.006)	0.030*** (0.006)	0.030*** (0.006)	0.028*** (0.008)
Respondent's Educ: Tertiary or plus			0.004 (0.007)	0.002 (0.007)	0.000 (0.008)	0.000 (0.008)	-0.001 (0.010)
Married/Civil Union				-0.010 (0.006)	-0.013** (0.006)	-0.013** (0.006)	-0.010 (0.009)
Separated/Divorced/Widowed				0.005 (0.010)	0.006 (0.010)	0.006 (0.010)	0.007 (0.014)
Public sector				0.012 (0.013)	0.008 (0.014)	0.008 (0.014)	0.017 (0.020)
Private sector, Temporarily out of work and Self employed				0.008 (0.011)	-0.000 (0.011)	-0.000 (0.011)	-0.005 (0.016)
Retired and Not working				0.013 (0.011)	0.004 (0.012)	0.004 (0.012)	0.005 (0.018)
Spanish				0.021 (0.021)	0.034 (0.022)	0.034 (0.022)	0.039 (0.028)
Portuguese				-0.001 (0.038)	-0.002 (0.040)	-0.002 (0.040)	-0.006 (0.052)
Native or Indigenous Language				0.005 (0.022)	0.006 (0.023)	0.006 (0.023)	0.005 (0.030)
Parents' Educ: Tertiary or plus					-0.013 (0.010)	-0.013 (0.010)	0.005 (0.014)
Constant	0.181*** (0.009)	0.181*** (0.010)	0.169*** (0.011)	0.174*** (0.045)	0.150*** (0.043)	0.150*** (0.043)	0.204*** (0.057)
N	37,217	35,915	35,915	35,191	31,224	31,224	15,229
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Wave FE	Yes	Yes	Yes	Yes	Yes	Yes	N/A
Controls-Indiv	No	No	Yes	Yes	Yes	Yes	Yes
Sample-Countries	18	18	18	18	18	18	18
Sample-Years	2	2	2	2	2	2	1

Sources: The data comes from the Latinobarometer survey (2002 and 2008).

Notes: Generalized Trust comes from the question "Generally speaking, would you say that most people can be trusted, or that you need to be very careful in dealing with people?" Trust is equal to 1 if the respondent answers "Most people can be trusted", and 0 otherwise. Additional individual characteristics used as controls are: for column (3) gender, age group and highest level of education; col(4) marital status, religion, employment status and language; col(5) parents' education and col(7) race/ethnicity.

The Wealth Index was constructed using Principal Component Analysis (PCA) using a set of binary variables that states different household assets and characteristics. The ones considered are: [1] TV, [2] Fridge, [3] Landline, [4] Mobile phone, [5] Vehicles, [6] Washing machine, [7] Hot water, [8] Sewerage, [9] Computer and [10] Drinking water. The PCA was computed per country and year, then re-scaled from 0 to 1. The Relative Wealth Index used here is the re-scaled one and standardized by the median.

The base category for age group is "Youth (15-25 years)", for the variables for education level is "Basic and less", for marital status is the category "Single", for religion, language and race is "Other" and, for occupation is "Student".

Sample (18 countries): Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay and Venezuela.

OLS Regression with robust standard errors in parenthesis.

* p < 0.10, ** p < 0.05, *** p < 0.01

Table 12: Trust, Relative Wealth and Happiness - OLS Regression Estimation
Trust in Government (0-1)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Happiness (0-1)	0.074*** (0.006)	0.072*** (0.006)	0.077*** (0.006)	0.075*** (0.006)	0.072*** (0.006)	0.072*** (0.006)	0.114*** (0.009)
Relative Wealth Factor -PCA		0.002 (0.003)	0.004 (0.003)	0.005 (0.003)	0.006* (0.003)	0.006* (0.003)	0.003 (0.005)
26-55 years-old			0.029*** (0.006)	0.023*** (0.008)	0.021** (0.008)	0.021** (0.008)	0.006 (0.011)
55+ years-old			0.069*** (0.008)	0.066*** (0.010)	0.067*** (0.011)	0.067*** (0.011)	0.050*** (0.015)
Gender, Male = 1			0.016*** (0.005)	0.015** (0.006)	0.018*** (0.006)	0.018*** (0.006)	0.016* (0.009)
Respondent's Educ: Tertiary or plus			-0.015** (0.008)	-0.017** (0.008)	-0.017** (0.008)	-0.017** (0.008)	-0.031*** (0.012)
Married/Civil Union				0.003 (0.007)	0.003 (0.007)	0.003 (0.007)	0.008 (0.010)
Separated/Divorced/Widowed				-0.007 (0.011)	-0.004 (0.011)	-0.004 (0.011)	-0.028* (0.016)
Public sector				0.028* (0.015)	0.025* (0.015)	0.025* (0.015)	0.032 (0.023)
Private sector, Temporarily out of work and Self employed				-0.001 (0.012)	-0.007 (0.012)	-0.007 (0.012)	0.013 (0.019)
Retired and Not working				-0.008 (0.013)	-0.012 (0.013)	-0.012 (0.013)	-0.004 (0.020)
Spanish				-0.192*** (0.025)	-0.161*** (0.028)	-0.161*** (0.028)	-0.022 (0.037)
Portuguese				-0.195*** (0.049)	-0.180*** (0.052)	-0.180*** (0.052)	-0.031 (0.073)
Native or Indigenous Language				-0.128*** (0.027)	-0.101*** (0.029)	-0.101*** (0.029)	0.061 (0.038)
Parents' Educ: Tertiary or plus					-0.018 (0.011)	-0.018 (0.011)	-0.027* (0.016)
Constant	0.056*** (0.009)	0.059*** (0.009)	0.019* (0.011)	0.233*** (0.046)	0.227*** (0.049)	0.227*** (0.049)	0.291*** (0.066)
N	37,877	36,548	36,548	35,805	31,766	31,766	15,491
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Wave FE	Yes	Yes	Yes	Yes	Yes	Yes	N/A
Controls-Indiv	No	No	Yes	Yes	Yes	Yes	Yes
Sample-Countries	18	18	18	18	18	18	18
Sample-Years	2	2	2	2	2	2	1

Sources: The data comes from the Latinobarometer survey (2002 and 2008).

Notes: The dependent variable is *Trust in government* and comes from the question "How much trust you have in each of the following groups/institutions?" The answers were re-coded such as trust is equal to 1 if the respondent answered "A lot" or "Some", and 0 when the answer is "A little" or "No trust".

Additional individual characteristics used as controls are: for column (3) gender, age group and highest level of education; col(4) marital status, religion, employment status and language; col(5) parents' education and col(7) race/ethnicity.

The Wealth Index was constructed using Principal Component Analysis (PCA) using a set of binary variables that states different household assets and characteristics. The ones considered are: [1] TV, [2] Fridge, [3] Landline, [4] Mobile phone, [5] Vehicles, [6] Washing machine, [7] Hot water, [8] Sewerage, [9] Computer and [10] Drinking water. The PCA was computed per country and year, then re-scaled from 0 to 1. The Relative Wealth Index used here is the re scaled one and standardized by the median.

The base category for *age group* is "Youth (15-25 years)", for the variables for *education level* is "Basic and less", for *marital status* is the category "Single", for *religion, language and race* is "Other" and, for *occupation* is "Student".

Sample (18 countries): Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay and Venezuela.

OLS Regression with robust standard errors in parenthesis.

* p < 0.10, ** p < 0.05, *** p < 0.01

Table 13: Trust, Relative Wealth and Political elites - OLS Regression Estimation
Generalized Trust (0-1)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Government leaders seek their own benefit	-0.064*** (0.003)	-0.061*** (0.004)	-0.062*** (0.004)	-0.062*** (0.004)	-0.060*** (0.004)	-0.060*** (0.004)	-0.059*** (0.004)
Relative Wealth Factor -PCA		0.010*** (0.001)	0.006*** (0.001)	0.007*** (0.001)	0.007*** (0.002)	0.007*** (0.002)	0.007*** (0.002)
26-55 years-old			0.004 (0.003)	0.009** (0.004)	0.009** (0.004)	0.009** (0.004)	0.009** (0.004)
55+ years-old			0.019*** (0.004)	0.026*** (0.005)	0.026*** (0.005)	0.026*** (0.005)	0.028*** (0.006)
Gender, Male = 1			0.031*** (0.003)	0.028*** (0.003)	0.027*** (0.003)	0.027*** (0.003)	0.025*** (0.003)
Respondent's Educ: Tertiary or plus			0.029*** (0.004)	0.026*** (0.004)	0.021*** (0.004)	0.021*** (0.004)	0.021*** (0.004)
Married/Civil Union				-0.010*** (0.003)	-0.007* (0.003)	-0.007* (0.003)	-0.006 (0.004)
Separated/Divorced/Widowed				-0.002 (0.005)	0.002 (0.006)	0.002 (0.006)	0.003 (0.006)
Public sector				0.006 (0.008)	0.010 (0.009)	0.010 (0.009)	0.008 (0.009)
Private sector, Temporarily out of work and Self employed				-0.000 (0.007)	0.003 (0.007)	0.003 (0.007)	0.003 (0.007)
Retired and Not working				-0.008 (0.007)	-0.005 (0.007)	-0.005 (0.007)	-0.008 (0.008)
Spanish				0.008 (0.013)	0.011 (0.013)	0.011 (0.013)	0.018 (0.014)
Portuguese				0.025 (0.021)	0.023 (0.019)	0.023 (0.019)	0.032 (0.020)
Native or Indigenous Language				0.038*** (0.014)	0.046*** (0.014)	0.046*** (0.014)	0.057*** (0.015)
Parents' Educ: Tertiary or plus					0.028*** (0.005)	0.028*** (0.005)	0.029*** (0.006)
Constant	0.275*** (0.007)	0.277*** (0.007)	0.247*** (0.008)	0.274*** (0.022)	0.257*** (0.022)	0.257*** (0.022)	0.240*** (0.025)
N	94,667	74,348	74,323	73,443	66,143	66,143	59,799
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Wave FE	Yes	Yes	Yes	Yes	Yes	Yes	N/A
Controls-Indiv	No	No	Yes	Yes	Yes	Yes	Yes
Sample-Countries	18	18	18	18	18	18	18
Sample-Years	5	4	4	4	4	4	4

Sources: The data comes from the Latinobarometer survey (2013, 2016-2018).

Notes: Generalized *Trust* comes from the question "Generally speaking, would you say that most people can be trusted, or that you need to be very careful in dealing with people?" Trust is equal to 1 if the respondent answers "Most people can be trusted", and 0 otherwise. Additional individual characteristics used as controls are: for column (3) gender, age group and highest level of education; col(4) marital status, religion, employment status and language; col(5) parents' education and col(7) race/ethnicity.

The Wealth Index was constructed using Principal Component Analysis (PCA) using a set of binary variables that states different household assets and characteristics. The ones considered are: [1] TV, [2] Fridge, [3] Landline, [4] Mobile phone, [5] Vehicles, [6] Washing machine, [7] Hot water, [8] Sewerage, [9] Computer and [10] Drinking water. The PCA was computed per country and year, then re-scaled from 0 to 1. The Relative Wealth Index used here is the re-scaled one and standardized by the median.

The base category for *age group* is "Youth (15-25 years)", for the variables for *education level* is "Basic and less", for *marital status* is the category "Single", for *religion, language and race* is "Other" and, for *occupation* is "Student".

Sample (18 countries): Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay and Venezuela.

OLS Regression with robust standard errors in parenthesis.

* p < 0.10, ** p < 0.05, *** p < 0.01

Table 14: Trust, Relative Wealth and Political Elites - OLS Regression Estimation
Trust in Government (0-1)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Government leaders seek their own benefit	-0.342*** (0.004)	-0.344*** (0.004)	-0.345*** (0.004)	-0.345*** (0.004)	-0.348*** (0.004)	-0.348*** (0.004)	-0.353*** (0.004)
Relative Wealth Factor -PCA		0.008*** (0.002)	0.004** (0.002)	0.003* (0.002)	0.003 (0.002)	0.003 (0.002)	0.003 (0.002)
26-55 years-old			0.010*** (0.004)	0.011** (0.004)	0.011** (0.004)	0.011** (0.004)	0.010** (0.005)
55+ years-old			0.041*** (0.005)	0.040*** (0.005)	0.037*** (0.006)	0.037*** (0.006)	0.037*** (0.006)
Gender, Male = 1			0.015*** (0.003)	0.018*** (0.003)	0.018*** (0.003)	0.018*** (0.003)	0.019*** (0.004)
Respondent's Educ: Tertiary or plus			0.038*** (0.004)	0.034*** (0.004)	0.030*** (0.004)	0.030*** (0.004)	0.029*** (0.004)
Married/Civil Union				0.002 (0.004)	0.003 (0.004)	0.003 (0.004)	0.003 (0.004)
Separated/Divorced/Widowed				-0.000 (0.006)	0.002 (0.006)	0.002 (0.006)	0.001 (0.006)
Public sector				0.017* (0.009)	0.025*** (0.009)	0.025*** (0.009)	0.028*** (0.009)
Private sector, Temporarily out of work and Self employed				-0.020*** (0.008)	-0.012* (0.008)	-0.012* (0.008)	-0.011 (0.008)
Retired and Not working				-0.012 (0.008)	-0.004 (0.008)	-0.004 (0.008)	-0.001 (0.008)
Spanish				0.004 (0.016)	0.012 (0.017)	0.012 (0.017)	0.019 (0.018)
Portuguese				0.029 (0.028)	0.035 (0.029)	0.035 (0.029)	0.045 (0.030)
Native or Indigenous Language				-0.007 (0.017)	-0.004 (0.018)	-0.004 (0.018)	0.005 (0.019)
Parents' Educ: Tertiary or plus					0.020*** (0.006)	0.020*** (0.006)	0.021*** (0.006)
Constant	0.692*** (0.007)	0.704*** (0.007)	0.670*** (0.008)	0.689*** (0.024)	0.673*** (0.025)	0.673*** (0.025)	0.661*** (0.028)
N	114,374	93,496	93,470	92,326	82,802	82,802	75,293
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Wave FE	Yes	Yes	Yes	Yes	Yes	Yes	N/A
Controls-Indiv	No	No	Yes	Yes	Yes	Yes	Yes
Sample-Countries	18	18	18	18	18	18	18
Sample-Years	6	5	5	5	5	5	5

Sources: The data comes from the Latinobarometer survey (2011-2013, 2016-2018).

Notes: The dependent variable is *Trust in government* and comes from the question "How much trust you have in each of the following groups/institutions?" The answers were re-coded such as trust is equal to 1 if the respondent answered "A lot" or "Some", and 0 when the answer is "A little" or "No trust".

Additional individual characteristics used as controls are: for column (3) gender, age group and highest level of education; col(4) marital status, religion, employment status and language; col(5) parents' education and col(7) race/ethnicity.

The Wealth Index was constructed using Principal Component Analysis (PCA) using a set of binary variables that states different household assets and characteristics. The ones considered are: [1] TV, [2] Fridge, [3] Landline, [4] Mobile phone, [5] Vehicles, [6] Washing machine, [7] Hot water, [8] Sewerage, [9] Computer and [10] Drinking water. The PCA was computed per country and year, then re-scaled from 0 to 1. The Relative Wealth Index used here is the re-scaled one and standardized by the median.

The base category for *age group* is "Youth (15-25 years)", for the variables for *education level* is "Basic and less", for *marital status* is the category "Single", for *religion, language and race* is "Other" and, for *occupation* is "Student".

Sample (18 countries): Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay and Venezuela.

OLS Regression with robust standard errors in parenthesis.

* p < 0.10, ** p < 0.05, *** p < 0.01

LB - Perception Tables.

Table 15: Determinants of Perceptions - Ordered Logistic Regression Estimation
Fairness of Income Distribution (1-4)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Relative Wealth Factor -PCA	0.007 (0.005)	0.013** (0.005)	0.003 (0.006)	0.020*** (0.007)	-0.014 (0.012)	-0.019 (0.018)	-0.015 (0.019)	-0.008 (0.013)
a. Individual characteristics								
26-55 years-old		-0.201*** (0.012)	-0.191*** (0.016)	-0.158*** (0.018)	-0.137*** (0.032)	-0.196*** (0.045)	-0.190*** (0.047)	-0.130*** (0.033)
55+ years-old		-0.217*** (0.015)	-0.194*** (0.020)	-0.183*** (0.023)	-0.100** (0.042)	-0.113* (0.060)	-0.109* (0.062)	-0.083* (0.044)
Gender, Male = 1		0.063*** (0.009)	0.073*** (0.012)	0.063*** (0.014)	0.033 (0.025)	-0.005 (0.036)	-0.001 (0.037)	0.028 (0.026)
Respondent's Educ: Tertiary or plus		-0.088*** (0.012)	-0.110*** (0.015)	-0.078*** (0.017)	-0.137*** (0.031)	-0.147*** (0.046)	-0.148*** (0.047)	-0.142*** (0.032)
Married/Civil Union			-0.056*** (0.014)	-0.045*** (0.016)	-0.042 (0.029)	0.011 (0.042)	0.004 (0.043)	-0.044 (0.030)
Separated/Divorced/Widowed			-0.120*** (0.021)	-0.098*** (0.025)	-0.163*** (0.044)	-0.163** (0.063)	-0.163** (0.066)	-0.162*** (0.046)
Public sector			0.041 (0.030)	0.054 (0.035)	0.085 (0.064)	0.132 (0.086)	0.140 (0.090)	0.063 (0.066)
Private sector, Temporarily out of work and Self employed			-0.061** (0.025)	-0.046 (0.028)	-0.024 (0.052)	0.002 (0.069)	0.021 (0.072)	-0.042 (0.053)
Retired and Not working			-0.022 (0.026)	-0.020 (0.030)	-0.041 (0.055)	-0.054 (0.075)	-0.019 (0.078)	-0.059 (0.057)
Spanish			0.105** (0.053)	0.216*** (0.063)	0.317*** (0.099)	0.026 (0.140)	-0.011 (0.154)	0.301*** (0.105)
Portuguese			0.358*** (0.101)	0.425*** (0.117)	0.616*** (0.217)	0.034 (0.258)	0.050 (0.271)	0.639*** (0.226)
Native or Indigenous Language			0.127** (0.057)	0.223*** (0.068)	0.224** (0.109)	0.212 (0.152)	0.159 (0.168)	0.176 (0.116)
Parents' Educ: Tertiary or plus			-0.039* (0.020)	-0.066*** (0.024)	-0.171*** (0.042)	-0.127** (0.065)	-0.122* (0.066)	-0.170*** (0.043)
a. Neighborhood characteristics								
Crime victims				-0.163*** (0.013)	-0.137*** (0.024)	-0.182*** (0.034)	-0.192*** (0.036)	-0.146*** (0.025)
Corruption victims				-0.227*** (0.017)	-0.132*** (0.029)	-0.056 (0.043)	-0.052 (0.044)	-0.124*** (0.030)
Health, Not very satisfied or Unsatisfied					-0.538*** (0.027)	-0.412*** (0.039)	-0.434*** (0.041)	-0.549*** (0.029)
Health, Don't have					-0.313* (0.185)	-0.243 (0.194)	-0.245 (0.209)	-0.293 (0.199)
Educ, Not very satisfied or Unsatisfied					-0.360*** (0.028)	-0.165*** (0.040)	-0.142*** (0.042)	-0.349*** (0.029)
Educ, Don't have					-0.713*** (0.127)	-0.639*** (0.131)	-0.607*** (0.138)	-0.691*** (0.134)
Neighborhood Satisfaction (0-10)						0.035*** (0.007)	0.037*** (0.008)	
/								
cut1	-0.423*** (0.023)	-0.601*** (0.026)	-0.282*** (0.086)	-0.198* (0.105)	-1.085*** (0.183)	-0.862*** (0.254)	-0.848*** (0.285)	-1.218*** (0.205)
cut2	1.991*** (0.024)	1.820*** (0.026)	2.144*** (0.086)	2.243*** (0.105)	1.320*** (0.182)	1.623*** (0.254)	1.628*** (0.285)	1.180*** (0.205)
cut3	4.186*** (0.028)	4.025*** (0.030)	4.469*** (0.088)	4.570*** (0.107)	3.521*** (0.184)	3.681*** (0.257)	3.673*** (0.288)	3.366*** (0.207)
N	199,887	198,711	146,802	108,451	31,273	15,202	14,068	28,860
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Wave FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Controls-Race/Ethnicity	No	No	No	No	No	No	Yes	Yes
Controls-Religion	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Sample-Countries	18	18	18	18	18	18	18	18
Sample-Years	11	11	9	7	2	1	1	2

Sources: The data comes from the Latinobarometer survey (1997, 2001-2002, 2007, 2009-2013, 2016-2018).

Notes: The Wealth Index was constructed using Principal Component Analysis (PCA) using a set of binary variables that states different household assets and characteristics. The ones considered are: [1] TV, [2] Fridge, [3] Landline, [4] Mobile phone, [5] Vehicles, [6] Washing machine, [7] Hot water, [8] Sewerage, [9] Computer and [10] Drinking water. The PCA was computed per country and year, then re-scaled from 0 to 1. The Relative Wealth Index used here is the re-scaled one and standardized by the median.

The base category for *social class* is "Lower", for *age group* is "Youth (15-25 years)", for the variables for *education level* is "Basic and less", for *marital status* is the category "Single", for *religion, language and race* is "Other" and, for *occupation* is "Student".

Sample (18 countries): Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay and Venezuela.

Ordered Logistic Regression with robust standard errors in parenthesis.

* p < 0.10, ** p < 0.05, *** p < 0.01

Table 16: Determinants of Perceptions - Ordered Logistic Regression Estimation
Subjective Income (1-4)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Relative Wealth Factor -PCA	0.560*** (0.004)	0.499*** (0.004)	0.480*** (0.005)	0.503*** (0.005)	0.482*** (0.008)	0.511*** (0.018)	0.503*** (0.019)	0.469*** (0.013)
a. Individual characteristics								
26-55 years-old		-0.375*** (0.009)	-0.306*** (0.012)	-0.294*** (0.014)	-0.291*** (0.019)	-0.215*** (0.045)	-0.208*** (0.047)	-0.223*** (0.034)
55+ years-old		-0.500*** (0.011)	-0.372*** (0.016)	-0.367*** (0.017)	-0.384*** (0.025)	-0.326*** (0.059)	-0.324*** (0.062)	-0.261*** (0.043)
Gender, Male = 1		0.195*** (0.007)	0.158*** (0.009)	0.162*** (0.010)	0.149*** (0.015)	0.111*** (0.035)	0.110*** (0.036)	0.159*** (0.025)
Respondent's Educ: Tertiary or plus		0.560*** (0.009)	0.419*** (0.012)	0.437*** (0.013)	0.402*** (0.019)	0.346*** (0.045)	0.326*** (0.046)	0.366*** (0.031)
Married/Civil Union			-0.032*** (0.011)	-0.039*** (0.012)	-0.048*** (0.017)	-0.097** (0.042)	-0.119*** (0.043)	-0.037 (0.030)
Separated/Divorced/Widowed			-0.173*** (0.017)	-0.195*** (0.019)	-0.210*** (0.027)	-0.269*** (0.063)	-0.264*** (0.066)	-0.148*** (0.046)
Public sector			0.035 (0.024)	0.045* (0.026)	0.004 (0.036)	0.037 (0.088)	0.048 (0.091)	0.073 (0.064)
Private sector, Temporarily out of work and Self employed			-0.162*** (0.019)	-0.160*** (0.021)	-0.145*** (0.029)	-0.023 (0.070)	-0.010 (0.073)	-0.017 (0.052)
Retired and Not working			-0.252*** (0.021)	-0.231*** (0.023)	-0.261*** (0.032)	-0.193** (0.077)	-0.166** (0.079)	-0.196*** (0.055)
Spanish			0.267*** (0.039)	0.303*** (0.044)	0.246*** (0.060)	0.162 (0.112)	0.108 (0.126)	0.286*** (0.093)
Portuguese			0.195*** (0.072)	0.227*** (0.080)	0.246** (0.110)	0.010 (0.221)	0.116 (0.234)	0.585*** (0.187)
Native or Indigenous Language			0.002 (0.042)	0.037 (0.047)	-0.011 (0.064)	-0.080 (0.124)	-0.020 (0.141)	0.183* (0.105)
Parents' Educ: Tertiary or plus			0.340*** (0.017)	0.373*** (0.019)	0.324*** (0.026)	0.220*** (0.063)	0.204*** (0.065)	0.255*** (0.042)
b. Neighborhood characteristics								
Crime victims				-0.109*** (0.010)	-0.078*** (0.015)	0.006 (0.033)	0.008 (0.035)	-0.108*** (0.025)
Corruption victims				-0.039*** (0.013)	0.059*** (0.018)	0.027 (0.043)	0.012 (0.044)	-0.011 (0.030)
Health, Not very satisfied or Unsatisfied					0.000 (.)	0.000 (.)	0.000 (.)	0.000 (.)
Health, Don't have					-0.473*** (0.118)	-0.231 (0.163)	-0.214 (0.170)	-0.244 (0.165)
Educ, Not very satisfied or Unsatisfied					0.000 (.)	0.000 (.)	0.000 (.)	0.000 (.)
Educ, Don't have					0.155** (0.075)	0.194* (0.117)	0.224* (0.123)	0.236** (0.120)
Neighborhood Satisfaction (0-10)						0.132*** (0.008)	0.135*** (0.008)	
/								
cut1	-2.240*** (0.019)	-2.332*** (0.021)	-2.009*** (0.070)	-2.083*** (0.079)	-1.587*** (0.109)	-1.695*** (0.203)	-2.082*** (0.234)	-2.014*** (0.182)
cut2	-0.289*** (0.019)	-0.355*** (0.021)	-0.028 (0.069)	-0.070 (0.078)	0.397*** (0.109)	0.515** (0.203)	0.128 (0.234)	0.086 (0.181)
cut3	2.108*** (0.019)	2.094*** (0.021)	2.461*** (0.070)	2.459*** (0.079)	2.880*** (0.109)	3.010*** (0.204)	2.616*** (0.235)	2.530*** (0.182)
N	348,669	345,709	233,083	192,344	94,816	15,418	14,231	29,269
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Wave FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Controls-Race/Ethnicity	No	No	No	No	No	No	Yes	Yes
Controls-Religion	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Sample-Countries	18	18	18	18	18	18	18	18
Sample-Years	19	19	14	12	6	1	1	2

Sources: The data comes from the Latinobarometer survey (1996-2013, 2016-2018).

Notes: The Wealth Index was constructed using Principal Component Analysis (PCA) using a set of binary variables that states different household assets and characteristics. The ones considered are: [1] TV, [2] Fridge, [3] Landline, [4] Mobile phone, [5] Vehicles, [6] Washing machine, [7] Hot water, [8] Sewerage, [9] Computer and [10] Drinking water. The PCA was computed per country and year, then re-scaled from 0 to 1. The Relative Wealth Index used here is the re-scaled one and standardized by the median.

The base category for *social class* is "Lower", for *age group* is "Youth (15-25 years)", for the variables for *education level* is "Basic and less", for *marital status* is the category "Single", for *religion, language and race* is "Other" and, for *occupation* is "Student".

Sample (18 countries): Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay and Venezuela.

Ordered Logistic Regression with robust standard errors in parenthesis.

* p < 0.10, ** p < 0.05, *** p < 0.01

Table 17: Determinants of Perceptions - Ordered Logistic Regression Estimation
Social Class (1-5)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Relative Wealth Factor -PCA	0.576*** (0.008)	0.519*** (0.009)	0.503*** (0.009)	0.624*** (0.013)	0.621*** (0.014)	0.621*** (0.014)	0.624*** (0.013)
a. Individual characteristics							
26-55 years-old		-0.373*** (0.018)	-0.322*** (0.022)	-0.261*** (0.033)	-0.253*** (0.033)	-0.253*** (0.033)	-0.261*** (0.033)
55+ years-old		-0.586*** (0.022)	-0.499*** (0.028)	-0.424*** (0.041)	-0.394*** (0.043)	-0.394*** (0.043)	-0.424*** (0.041)
Gender, Male = 1		0.012 (0.014)	-0.024 (0.016)	0.019 (0.024)	0.030 (0.025)	0.030 (0.025)	0.019 (0.024)
Respondent's Educ: Tertiary or plus		0.513*** (0.017)	0.390*** (0.019)	0.511*** (0.030)	0.510*** (0.030)	0.510*** (0.030)	0.511*** (0.030)
Married/Civil Union			-0.040** (0.019)	-0.040 (0.028)	-0.055* (0.029)	-0.055* (0.029)	-0.040 (0.028)
Separated/Divorced/Widowed			-0.123*** (0.029)	-0.117*** (0.044)	-0.139*** (0.046)	-0.139*** (0.046)	-0.117*** (0.044)
Public sector			0.051 (0.040)	0.044 (0.059)	0.058 (0.060)	0.058 (0.060)	0.044 (0.059)
Private sector, Temporarily out of work and Self employed			-0.137*** (0.032)	-0.213*** (0.048)	-0.195*** (0.049)	-0.195*** (0.049)	-0.213*** (0.048)
Retired and Not working			-0.196*** (0.035)	-0.242*** (0.053)	-0.222*** (0.054)	-0.222*** (0.054)	-0.242*** (0.053)
Spanish			0.123 (0.077)	0.108 (0.107)	0.102 (0.112)	0.102 (0.112)	0.108 (0.107)
Portuguese			-0.017 (0.156)	0.044 (0.247)	-0.030 (0.252)	-0.030 (0.252)	0.044 (0.247)
Native or Indigenous Language			-0.212** (0.083)	-0.130 (0.116)	-0.006 (0.121)	-0.006 (0.121)	-0.130 (0.116)
Parents' Educ: Tertiary or plus			0.378*** (0.025)	0.413*** (0.042)	0.411*** (0.043)	0.411*** (0.043)	0.413*** (0.042)
b. Neighborhood characteristics							
Crime victims				0.038 (0.023)	0.026 (0.024)	0.026 (0.024)	0.038 (0.023)
Corruption victims				0.008 (0.029)	0.018 (0.029)	0.018 (0.029)	0.008 (0.029)
/							
cut1	-1.495*** (0.028)	-1.744*** (0.032)	-1.743*** (0.112)	-2.148*** (0.161)	-2.035*** (0.196)	-2.035*** (0.196)	-2.148*** (0.161)
cut2	-0.038 (0.027)	-0.262*** (0.032)	-0.233** (0.111)	-0.526*** (0.161)	-0.394** (0.196)	-0.394** (0.196)	-0.526*** (0.161)
cut3	2.542*** (0.029)	2.362*** (0.033)	2.443*** (0.112)	2.438*** (0.163)	2.580*** (0.198)	2.580*** (0.198)	2.438*** (0.163)
cut4	3.913*** (0.037)	3.737*** (0.040)	3.868*** (0.116)	4.103*** (0.172)	4.272*** (0.207)	4.272*** (0.207)	4.103*** (0.172)
N	77,070	77,068	67,997	32,014	30,195	30,195	32,014
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Wave FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Controls-Race/Ethnicity	No	No	No	No	Yes	Yes	No
Controls-Religion	No	Yes	Yes	Yes	Yes	Yes	Yes
Sample-Countries	18	18	18	18	18	18	18
Sample-Years	4	4	4	2	2	2	2

Sources: The data comes from the Latinobarometer survey (2011-2013, 2017-2018).

Notes: The Wealth Index was constructed using Principal Component Analysis (PCA) using a set of binary variables that states different household assets and characteristics. The ones considered are: [1] TV, [2] Fridge, [3] Landline, [4] Mobile phone, [5] Vehicles, [6] Washing machine, [7] Hot water, [8] Sewerage, [9] Computer and [10] Drinking water. The PCA was computed per country and year, then re-scaled from 0 to 1. The Relative Wealth Index used here is the re-scaled one and standardized by the median.

The base category for *social class* is "Lower", for *age group* is "Youth (15-25 years)", for the variables for *education level* is "Basic and less", for *marital status* is the category "Single", for *religion, language and race* is "Other" and, for *occupation* is "Student".

Sample (18 countries): Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay and Venezuela.

Ordered Logistic Regression with robust standard errors in parenthesis.

* p < 0.10, ** p < 0.05, *** p < 0.01

Table 18: Determinants of Perceptions - OLS Regression Estimation
Government leaders seek their own benefit (0-1)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Relative Wealth Factor -PCA	0.029*** (0.001)	0.025*** (0.002)	0.022*** (0.002)	0.019*** (0.002)	0.018*** (0.002)	0.018*** (0.002)	0.019*** (0.002)
a. Individual characteristics							
26-55 years-old		0.019*** (0.004)	0.022*** (0.004)	0.028*** (0.006)	0.026*** (0.006)	0.026*** (0.006)	0.028*** (0.006)
55+ years-old		0.005 (0.004)	0.014** (0.005)	0.032*** (0.007)	0.029*** (0.008)	0.029*** (0.008)	0.032*** (0.007)
Gender, Male = 1		0.005* (0.003)	-0.002 (0.003)	-0.005 (0.004)	-0.005 (0.005)	-0.005 (0.005)	-0.005 (0.004)
Respondent's Educ: Tertiary or plus		0.036*** (0.003)	0.033*** (0.004)	0.023*** (0.005)	0.021*** (0.006)	0.021*** (0.006)	0.023*** (0.005)
Married/Civil Union			-0.001 (0.004)	-0.001 (0.005)	-0.001 (0.005)	-0.001 (0.005)	-0.001 (0.005)
Separated/Divorced/Widowed			-0.003 (0.006)	-0.011 (0.008)	-0.009 (0.008)	-0.009 (0.008)	-0.011 (0.008)
Public sector			-0.028*** (0.009)	-0.032*** (0.011)	-0.029** (0.012)	-0.029** (0.012)	-0.032*** (0.011)
Private sector, Temporarily out of work and Self employed			-0.005 (0.007)	-0.013 (0.009)	-0.013 (0.010)	-0.013 (0.010)	-0.013 (0.009)
Retired and Not working			-0.028*** (0.007)	-0.032*** (0.010)	-0.030*** (0.010)	-0.030*** (0.010)	-0.032*** (0.010)
Spanish			0.043*** (0.013)	-0.000 (0.019)	-0.001 (0.020)	-0.001 (0.020)	-0.000 (0.019)
Portuguese			-0.023 (0.032)	-0.047 (0.043)	-0.040 (0.045)	-0.040 (0.045)	-0.047 (0.043)
Native or Indigenous Language			-0.014 (0.014)	-0.022 (0.020)	-0.014 (0.021)	-0.014 (0.021)	-0.022 (0.020)
Parents' Educ: Tertiary or plus			0.001 (0.005)	0.006 (0.007)	0.006 (0.008)	0.006 (0.008)	0.006 (0.007)
b. Neighborhood characteristics							
Crime victims				0.051*** (0.004)	0.050*** (0.004)	0.050*** (0.004)	0.051*** (0.004)
Corruption victims				0.045*** (0.005)	0.046*** (0.005)	0.046*** (0.005)	0.045*** (0.005)
Constant	0.720*** (0.007)	0.697*** (0.007)	0.671*** (0.022)	0.691*** (0.031)	0.682*** (0.037)	0.682*** (0.037)	0.691*** (0.031)
N	94,595	94,569	83,708	47,484	44,359	44,359	47,484
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Wave FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Controls-Race/Ethnicity	No	No	No	No	Yes	Yes	No
Controls-Religion	No	Yes	Yes	Yes	Yes	Yes	Yes
Sample-Countries	18	18	18	18	18	18	18
Sample-Years	5	5	5	3	3	3	3

Sources: The data comes from the Latinobarometer survey (2011-2013, 2016-2018).

Notes: The Wealth Index was constructed using Principal Component Analysis (PCA) using a set of binary variables that states different household assets and characteristics. The ones considered are: [1] TV, [2] Fridge, [3] Landline, [4] Mobile phone, [5] Vehicles, [6] Washing machine, [7] Hot water, [8] Sewerage, [9] Computer and [10] Drinking water. The PCA was computed per country and year, then re-scaled from 0 to 1. The Relative Wealth Index used here is the re-scaled one and standardized by the median.

The base category for *social class* is "Lower", for *age group* is "Youth (15-25 years)", for the variables for *education level* is "Basic and less", for *marital status* is the category "Single", for *religion, language and race* is "Other" and, for *occupation* is "Student".

Sample (18 countries): Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay and Venezuela.

OLS with robust standard errors in parenthesis.

* p < 0.10, ** p < 0.05, *** p < 0.01