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The Role of the Government in Job Creation

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Predictions of the imminent “end of ideology” (Bell 1960) and the “end of history” (Fukuyama 2006) repeatedly have been made by respected social commentators, yet while the Cold War itself ended nearly two decades ago, the underlying issue of the proper role of the government remains a central one in the Americas and beyond. This paper in the *AmericasBarometer Insight Series* looks at one of the four questions on the role of the government included in the 2008 round of the Latin American Public Opinion Project (LAPOP) surveys.¹ This survey round included national probability samples of 22 nations in North, Central, South America and the Caribbean, in which 36,501 respondentsⁱ were asked the same question²:

¹ In 2008, the major source of support was the United States Agency for International Development (USAID) but important support also came from the Inter-American Development Bank (IADB), the United Nations Development Programme (UNDP), the Center for the Americas (CFA) and Vanderbilt University.

² The questionnaire was administered in many languages, primarily in Spanish in most of Latin America, but in Portuguese in Brazil, Creole in Haiti, and in several native American languages as appropriate in Guatemala, Ecuador, Bolivia and Paraguay.

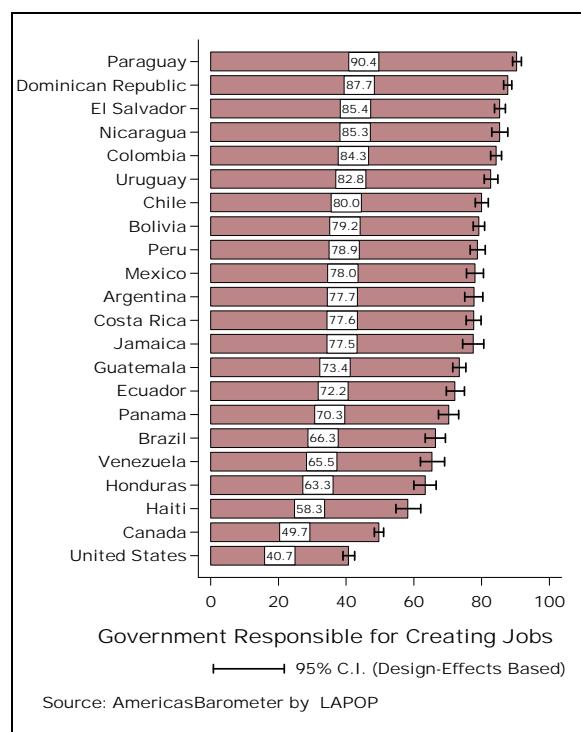
ROS3. The Mexican (substitute appropriate country name) government, more than the private sector, should be primarily responsible for creating jobs. To what extent do you agree or disagree with this statement?

Responses were made based on a 1-7 scale, where ‘1’ meant “strongly disagree” and ‘7’ meant “strongly agree.”

1	2	3	4	5	6	7	8
Strongly disagree			Strongly agree			Doesn't know	

These responses were then recalibrated on a 0-100 basis to conform to the LAPOP standard, which facilitates comparability across questions and survey waves.³ Figure 1, which displays national averages, demonstrates that while ideology may have lost salience, disagreement about the proper role of the government clearly has not.

Figure 1.
Average Support for the Primary Role of the Government in Creating Jobs in the Americas, 2008

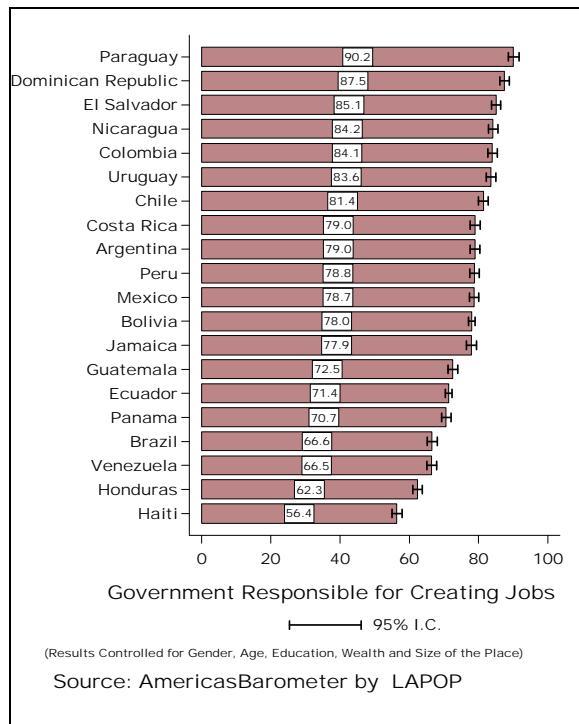


³ Non-response was 3.4% for the sample as a whole.

In some countries of the Americas, especially Paraguay, the Dominican Republic, El Salvador, Nicaragua, Colombia and Uruguay, there is near unanimity that the government⁴ rather than the private sector should play a primary role in job creation, while in sharp contrast, in the U.S. and Canada, support is dramatically lower.

How much of this variation across countries emerges from the variation in the socio-economic and demographic characteristics of the populations of these countries? After all, some of the countries in the sample were quite wealthy and developed, while others were quite poor. To respond to that question, we eliminate the Canadian and U.S. responses, in part because these countries have such extremely high levels of development compared to the others, that any statistical analysis would be driven by these "outliers," and in part because the LAPOP project is focused on policy relevant questions for the Latin American and Caribbean region rather than North America. When the data are controlled for gender, age, educational achievement and household wealth, as they are in Figure 2, the results remain remarkably consistent with Figure 1, with averages varying only by a few points up or down.⁵ With support levels of 56.4 and above, in every country in Latin America or the Caribbean, of those included in the AmericasBarometer survey, the "average" citizen favors the government over the private sector as the primary actor job creation.

Figure 2.
Average Support for the Primary Role of the Government in Creating Jobs after Taking into Account Individual Characteristics in Latin America and the Caribbean, 2008



Do Contextual Factors Matter?

If most socio-economic and demographic characteristics of the respondents to the AmericasBarometer 2008 survey do not have a large impact on variation across countries in their views on the role of the government in job creation, perhaps key characteristics of the nation might. In Figure 3, both the individual characteristics of respondents and the wealth of the nation, measured by GDP per capita, are studied.⁶ Each variable included in the analysis is listed on the vertical (y) axis. The impact of each of those variables on attitudes toward the role of government in job creation is shown graphically by a dot, which if located to the right

⁴ In the Spanish-language version of the questionnaire, the word "el estado" (the state) is used since the term "el gobierno" (the government) refers to the incumbent administration rather than the government apparatus.

⁵ An analysis of variance model was employed, with the socio-economic and demographic variables used as covariates. Table 1 in the appendix shows, by country, the mean values of the individual level variables that were taken into account.

⁶ This analysis is carried out using multi-level regression techniques (Raudenbush and Bryk 2002; Raudenbush, *et al.* 2004), as implemented by LAPOP on STATA 10. The model simultaneously takes into account both individual and country-level (i.e., contextual) factors, and produces correct regression estimates that are impossible with standard OLS regression.

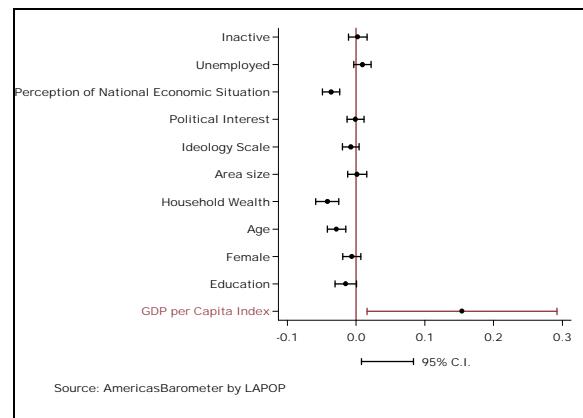
of the vertical “0” line indicates a positive contribution, and if to the left of the “0” line a negative contribution. Statistically significant contributors are shown by confidence interval lines stretching to the left and right of each dot; only when the confidence intervals do not overlap the vertical “0” line is the factor significant (at .05 or better). The relative strength of each variable is indicated by standardized coefficients (i.e., “beta weights”). In Figure 3, it is worth noting that the traditional ideology scale employed in most surveys world-wide, which tap the “left” and “right” ideology dimensions, is not significantly associated with support for a primary role of the government in job creation, suggesting that the latter is a better measure of ideological orientations than is the classic ideology scale.⁷

As shown in Figure 3, among the socio-economic and demographic characteristics of respondents, only individual household wealth (measured by the survey data gathered from each respondent) and age have an impact; individuals who live in poorer households and those who are younger both support a larger role for the government in job creation. Perceptions of the national economic situation also make a difference, with those seeing the economy as doing worse more likely to favor a strong role for the government in job creation. Among the national-level characteristics, national per capita wealth (as reported by the United Nations Development Program in its Human Development Report 2007/2008 for each nation as a whole) makes a difference, but, interestingly, in the opposite direction of household wealth.⁸ Individuals from wealthier households significantly oppose a primary role of the government in job creation, presumably because of the well-known association between personal wealth and fiscal conservatism. On the other hand, and in seeming contradiction, the wealthier the country in per capita terms, the larger the role envisioned for the government in

job creation,⁹ within the Latin American and Caribbean regions, *ceteris paribus*, the average citizens of poorer countries are less sanguine about the efficacy of the public sector’s ability to create jobs.

Figure 3.

A Multilevel Analysis of the Determinants of Average Support for the Primary Role of the Government in Creating Jobs in Latin America and the Caribbean: The Impact of Economic Development, 2008



That national context matters is highlighted in specific terms in Figure 4; the higher the GDP per capita, the higher the average citizen support for the role of the government in employment creation. For example, if a Bolivian with a given set of socio-economic characteristics were to migrate from Bolivia to Argentina, all other things being equal, and none of her individual characteristics such as education, household wealth, ideology, etc. were to change, that person’s support for an active role of the government in job creation would increase by nearly 15 points on the 0-100 scale. Note carefully, however, that even in the country in Latin America and the Caribbean included in the AmericasBarometer series with the lowest support for the employment creation role of the state, Haiti, the average score is over

⁷ The scale used is the classic 1-10 measurement, in which the poles of “left” and “right” are placed on a continuum, and the respondent self-locates on this scale.

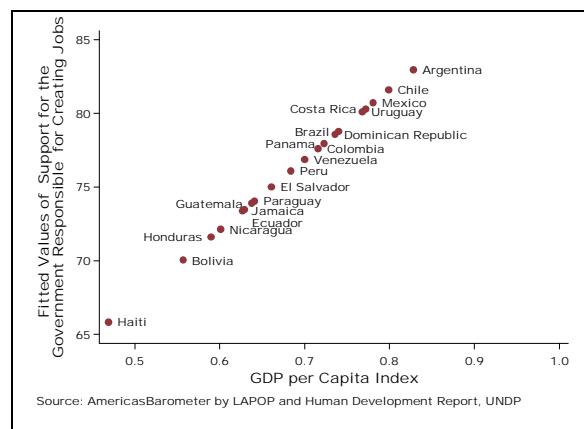
⁸ “Household wealth” is based on the survey data gathered from each respondent, whereas national wealth is a single number for each country.

⁹ National wealth is measured using the UNDP’s GDP index. This index is based on gross domestic product per capita in purchasing power parity terms in US dollars. The index can take values between 0 and 1. For details on how this index was constructed see UNDP’s Human Development Report 2007/2008.

65 on the 0-100 scale, a level far higher than in North America, as was shown in Figure 1.

Figure 4.

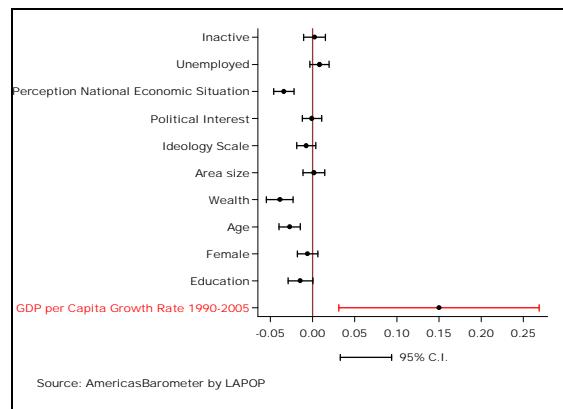
The Impact of Economic Development on Support for the Primary Role of the Government in Creating Jobs in Latin America and the Caribbean, 2008



Other contextual factors matter as well. Figure 5 shows that not only the *level* of GDP increases support for the role of the government in job creation, but the *rate of growth* in the GDP (in this case, in the period 1990-2005). Citizens who live in states that have grown more rapidly tend, on average, to support a stronger role of the government in employment generation.¹⁰

Figure 5.

A Multilevel Analysis of the Determinants of Support for the Primary Role of the Government in Creating Jobs in Latin America and the Caribbean: The Impact of Economic Performance, 2008



¹⁰ Average national unemployment rate (measured 1996-2005) does not have a significant impact.

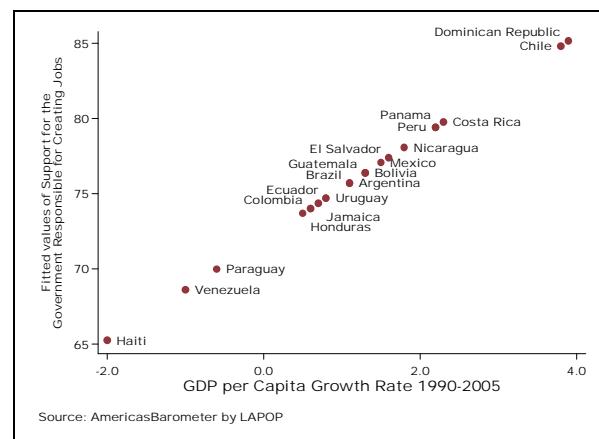
This finding is shown graphically in Figure 6, where we see a strong relationship between the rate of growth and support for the role of the government in job creation. A Haitian who migrates from Haiti to the Dominican Republic would, *ceteris paribus*, increase her support for a primary role of the government in job creation by nearly 20 points on the 0-100 scale.

Between 1990 and 2005 the average growth rate for the region as a whole was 1.2%. Countries such as the Dominican Republic and Chile that had growth rates in that period in the 4% range, a rate that far exceeds the rest of the countries in Latin America and the Caribbean, express exceptionally high support for the role of the government in job creation, while Haiti, the true laggard in this region exhibits far lower support.

These findings are strongly suggestive that citizen opinion on the role of the government in job creation is directly conditioned by their personal observations of the efficacy of the government in handling the economy. Countries with solid growth and those that have achieved higher levels of economic development as a result of protracted periods of growth are the ones most likely to have citizens who support an active role of the state. Where states have failed to deliver on growth, citizens are skeptical about the ability of the government to perform well in job creation.

Figure 6.

The Impact of Economic Performance on Support for the Primary Role of the Government in Creating Jobs in Latin America and the Caribbean, 2008



Policy Implications?

Among many advanced industrial countries in North America and Europe there still may be a "Washington consensus" involving widespread (but far from universal) support for a neo-liberal agenda of shrinking the role of the state, and allowing the laissez faire forces of the private sector to "do their thing." As the AmericasBarometer data show, however, this consensus is limited to north of Rio Grande, for large majorities in Latin America support a strong role of the government in job creation. Moreover, the more success the Latin American and Caribbean economies have had in terms of both their level and *rate* of economic growth, the more they support the role of the government in job creation. Only among individuals from wealthier households in these countries does such support wane. Other *Insight* reports in this series will examine other roles of the government in the economy, but based on this one component alone, it is clear that while the Cold War is certainly over, the underlying debate over the role of government is far from being resolved.

The findings here also help explain the electoral shift to the left in Latin American elections in recent years, as various LAPOP studies have reported (Seligson 2007; Seligson 2008). Leftist candidates are typically defined by their vision of the government as playing an active role in many areas of the economy and society. The AmericasBarometer survey data clearly show the appeals of that vision, at least insofar as government employment generation is concerned. Moreover, it has been shown in this study that poorer individuals, who comprise the great majority of most countries in the region, are more supportive of an active role of the government in job creation. Moreover, the youth of the region, who make up large majorities of the populations in most of these countries, is more supportive of an active role of the state. No wonder candidates who advocate those kinds of policies are getting elected. Even in countries where support for the role of the government is low by Latin American and Caribbean standards (e.g., Honduras), candidates who openly refute the role of the

government in employment generation will have a hard time getting elected unless there are other powerful messages and campaign issues that override this one. In other AmericasBarometer *Insight* reports, we look at some of those messages.

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¹ In each country approximately 1,500 respondents were interviewed face-to-face, except in Bolivia and Ecuador, where the samples were approximately 3,000, Canada where it was 2,000 and Paraguay where it was 1,200. In Canada phone surveys were used, while in the U.S. internet surveys were applied. Full details can be found at www.AmericasBarometer.org