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Economic hardship, institutions and subjective well-being in Latin America

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Abstract

We use the 2016-17 wave of the LAPOP AmericasBarometer survey to investigate the relationship between economic hardship and subjective well-being (SWB) for Latin America. In addition, we analyze whether the negative effect of economic hardship on SWB can be mitigated by immaterial resources rather than material resources. Analogous to Reeskens and Vandecasteele (2017) regarding Europe, we compare the impact of the institutions social trust, religiosity, and confidence in politics with the impact of welfare state expenditures in Latin America. Our results also show that economic hardship has a negative effect on subjective wellbeing. In contrast to the findings for Europe, the negative effect of economic hardship can be strengthened or attenuated depending on the degree of religiosity and trustworthiness of the community. The moderating effect of confidence in politics was not found. Concerning the moderating influence of welfare state expenditure, our findings are partly in line with the results for Europe. In Europe a larger social welfare state suppresses the informal institutions social contacts and confidence in politics whereas in Latin America a larger social welfare state overturns interpersonal trust (as a proxy for social contacts) and religiosity. Hence, we also find evidence for the crowding out hypothesis, namely that in more generous welfare states one is less dependent on their immaterial resources for finding happiness.