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7

ECONOMIC INFORMALITY AND SECURITY POLICY PREFERENCES IN MEXICO AND LATIN AMERICA

Barry Maydom, Ana Isabel López García, and Sarah Berens

Introduction

One of the fundamental tasks of a state is to protect its citizens from violence. When states fail to do so, or do so unequally, they undermine the social contract by which citizens consent to be governed by and pay taxes to the state in exchange for security and public services. In many countries in Latin America and the Caribbean (LAC), the social contract is under pressure not only from high and rising levels of violent crime but also from widespread economic informality by which citizens are excluded from or opt out of both social protections and the tax systems which fund them. In this chapter, we argue that fragile social contracts in LAC have important implications for citizens' preferences about security policies and governments' ability to bring violent crime under control. Previous research has found that crime victimization—a failure of the state to keep a citizen safe—is associated with greater support for punitive security policies (García-Ponce et al., 2022; Visconti, 2020). Although levels of crime vary significantly across LAC, iron fist or *mano dura* approaches to crime fighting have become popular throughout the region, even in countries with low levels of crime such as Chile and Argentina (Rosen & Cutrona, 2023). These security policies are often counter-productive, lead to more frequent human rights abuses and serve to further reduce state capacity (Flores-Macias, 2018). We argue that economic informality can help to explain continued support for—or at least lack of opposition to—these approaches.

We start from the core assumption that, in LAC, states' provision of their side of the social contract—security and public services—is not distributed evenly. Unevenness in public service provision means that many citizens are

excluded from or choose to opt out of the bargain. One such group is informal workers, who do not benefit from the enforcement of labour laws and social protection schemes (Perry et al., 2007). A disproportionate share of informal workers in LAC belong to the relatively more vulnerable groups in society, including women and ethnic and racial minorities (Hummel, 2021). Despite the size of LAC's informal economy, surprisingly little is known about the security preferences of those in the informal sector.

In this chapter, we explore how economic informality affects support for different types of security policies implemented by the state. Because informal workers are particularly vulnerable to both crime victimization and abuse by government officials, they are more likely to be sceptical towards both pre-emptive and punitive policy responses to crime. We also expect informal workers to be more supportive of a citizen-led approach rather than state-led approach to fighting crime. We test our theory using data from the AmericasBarometer survey and an original online survey experiment conducted in Mexico in 2021.

Our chapter speaks to both the causes and consequences of unequal security. Informal workers do not receive the same level of protection from the state, which affects their security policy preferences. The implementation of policies that they support—in particular, vigilantism—will likely deepen inequalities, with those more able to defend themselves enjoying greater security than those who are not. We also contribute to the burgeoning scholarship on the drivers of citizens' preferences for public security spending and policies in Latin America (Cafferata & Scartascini, 2021; Flores-Macías & Sánchez-Talanquer, 2020; Flores-Macías & Zarkin, 2022; García Ponce et al., 2022). More broadly, our findings add to the political science literature on pressures on the social contract in LAC and other developing regions (Castañeda et al., 2020; López García & Maydom, 2023; Rettberg, 2020; Robinson, 2023) and corroborate previous research on informal sector workers as deeply sceptical towards the state (Altamirano et al., 2022).

Economic informality and security policy preferences

Countries in LAC have a segmented labour market in which a small set of formal sector workers contributes to and benefits from social-security protection, while a larger group of informal sector workers does not pay social contributions and is excluded from these benefits. Those working in the informal sector can be considered either to have been excluded from the social contract if they have been forced to work informally because there are few job opportunities in the formal sector, or else to have opted out from the social contract because they are dissatisfied with the welfare provision offered by the state in exchange for their taxes (Berens, 2020; Saavedra & Tommasi, 2007). Castañeda et al. (2020) find that economic informality undermines the social

contract by allowing people to opt out of the formal economic system: Those working in the informal sector are less supportive of paying taxes.

Compared to other individuals, informal workers are poorer and less educated and so face greater economic and health risks (Hummel, 2021). This has a range of effects on individuals' political behaviour and attitudes. Informal workers are more sceptical about strengthening labour laws that tend to benefit only those working in the formal economy (Berens & Kemmerling, 2019). Informality is associated with reduced voter turnout and increased support for left parties (Baker & Dorr, 2022; Ronconi & Zarazaga, 2015). But how might informality affect attitudes towards security policies?

The argument

When social contracts are strong, citizens are more likely to trust that long-term strategies to reduce crime, for example through economic development and education, will eventually bear fruit and lead to a sustainable reduction in criminal violence.¹ When social contracts are weak, however, individuals are less likely to trust this process and may prefer to take matters into their own hands through vigilantism.

Economic informality makes citizens more vulnerable to extortion from gangs and organized crime groups because their extra-legal status means they are less protected by the state (Moncada, 2022). This status means that they are also more at risk from the state itself. As Hummel (2021, p. 6) puts it, 'Enforcement affects informal workers more than other workers because informal workers commit minor infractions on a daily basis as part of their work. Informal workers ... are more vulnerable to law enforcement and the criminal justice system than formal workers.'

For example, police officers can confiscate informal street-sellers' merchandise, arrest informal workers, or demand bribes in exchange for forbearance. In other words, due to the 'illegal' nature of their economic activities, informal workers tend to be both deprived of the state's protection and the target of the state's enforcement (Moncada, 2022). Informal workers may also be less likely to believe that security laws and policies enacted by the state will make much difference to their personal security; after all, both security and labour laws and social insurance policies pursued by the state have little benefit for those working informally.

Thus, we posit that informal workers are less trusting of government efforts to fight crime (whether punitive or preventative). In this sense, they are excluded from the most fundamental bargain at the heart of the social contract: Governments provide security and citizens abide by the law.

H1: Informal workers will be indifferent to state-based security policies (whether punitive or preventative) compared with those who do not work in the informal economy.

As our main hypothesis builds on the assumption that informal workers are more likely victims of crime and state abuse, we posit the following two auxiliary hypotheses:

H2: *Informal workers are more likely to be victimized by criminals and state security services than those who do not work in the informal economy.*

H3: *Informal workers will be less trusting of state justice and security institutions than those who do not work in the informal economy.*

If informal workers cannot rely on state security solutions, are they more likely to organize themselves in self-protection groups? Phillips (2017, p. 1358) notes that inequality plays a role in driving vigilante group formation in Mexico: ‘poorer citizens feel relatively deprived of security compared with wealthier neighbours who have advantages regarding private and public security’. We extend this logic to those who are excluded from the social contract through informality and thus feel deprived of state protection that is enjoyed by formal workers. Collective action is costly, and one could think of informal workers as atomized groups. Hummel (2021), however, shows that informal workers often organize themselves in work-based organizations, particularly in low-capacity contexts or in countries where the informal economy is sizeable. We therefore argue that where governments do not have the capacity and/or willingness to enforce the law, informal workers may step in to provide security. In the event, we expect those who are thus excluded to be more willing to take the law into their own hands and to approve of others who do the same. This could take a variety of forms, including supporting vigilantism and participating in neighbourhood watch schemes.

H4: *Informal workers will be more supportive of citizen-led approaches to security.*

How informality shapes security policy preferences: Evidence from the AmericasBarometer

We begin by testing all of our hypotheses using the merged Latin American Public Opinion Project (LAPOP) AmericasBarometer dataset for waves conducted between 2006 and 2018/2019, dropping respondents from the USA and Canada so that we focus on countries in LAC.² The AmericasBarometer survey is conducted every two years in an ever-increasing set of countries so that the number of countries covered varies by wave. We then test H1 and H3 with a survey experiment conducted in an original online survey in Mexico in 2021.

Dependent variables and estimation models

We focus on four dependent variables with LAPOP data: the likelihood of crime victimization (H2), trust in the government (H3), security policy attitudes (H1) and support for vigilantism (H4). As argued above, we expect informal workers to be less supportive of state-based solutions to crime because they are more likely to suffer from crime and state abuse (H2) and thereby are more likely to distrust the government (H3).

We measure crime victimization experiences using a dichotomous variable coded 1 if respondents reported having experienced crime in the preceding 12 months and 0 otherwise (*vic1ext* and *vic1*). To tap into respondents' experiences with state abuse, we use two binary variables measuring whether respondents were asked to pay for a bribe by a police officer (*exc2*) or a soldier (*exc7*). We capture trust in state justice and security institutions using three variables which ask respondents about their trust in the judicial system (*b10a*), the armed forces (*b11*) and the police (*b18*), all measured on a 7-point scale from 'Not at all' to 'A lot'. Additionally, we employ a variable that asks respondents how much they trust the police to catch perpetrators of an assault or robbery (*aoj12a*) and how much they trust the judiciary to punish the criminals (*aoj12*), with answers measured on a 7-point scale from 'None' to 'A lot'.

To capture security policy preferences (H1), we use two variables based on individuals' support for preventative vs punitive approaches to crime. The first is a dichotomous variable coded 0 if respondents agree that investment in jobs and education is necessary to reduce crime, and 1 if they agree that increasing punishment is the solution (*aoj22new*). The second is an ordinal variable, ranging from 0 to 3, with higher levels indicating higher support for punitiveness (*aoj22*).

To measure individuals' support for other punitive policies, we use three additional measures: (i) support for the militarization of policing, (ii) support greater punishment of criminals and (iii) support for military coups when crime is high. We measure support for military involvement in policing, based on the responses to the question, 'To what extent do you support the involvement of the armed forces to combat crime and violence in (the respondent's country)?' (*mil7*). To capture attitudes towards punishment, we use a question asking the extent to which respondents agreed that 'penalties for crimes need to increase' (*aoj22new*). Answers for these two variables range from 0 (strongly disapprove) to 6 (strongly approve). To capture support for military coups in response to high levels of crime, respondents were coded 1 if they supported such action (*jc10*). To register support for citizens' solutions to crime—or vigilantism—we use an ordinal scale based on answers to the question 'Of people's taking the law into their own hands when the government does not punish criminals, how much do you approve

TABLE 7.1 Summary statistics for security policy preference and trust variables

<i>Variable</i>	<i>N</i>	<i>Mean</i>	<i>SD</i>	<i>Min</i>	<i>Median</i>	<i>Max</i>
Penalties vs social spending to fight crime	87,197	1.186	0.901	0	2	2
Support for increased penalties	26,057	4.910	1.676	0	6	6
Support for militarization	78,570	4.472	1.810	0	5	6
Support for military coups	176,390	0.423	0.494	0	0	1
Approval of vigilante justice	203,777	2.793	3.081	0	2	9
Crime victimization	233,878	0.248	0.432	0	0	1
Paid a bribe to a soldier	118,092	0.030	0.170	0	0	1
Paid a bribe to a police officer	287,708	0.101	0.302	0	0	1
Trust in the police	226,015	1.282	1.029	0	1	3
Trust that the police catch criminals	202,511	2.719	1.798	0	3	6
Trust in the judiciary	199,001	3.622	1.891	0	4	6
Trust that the judiciary punishes criminals	103,015	0.030	0.171	0	0	1
Trust in the military	231,777	0.104	0.305	0	0	1

or disapprove?’ (e16). Answers range from ‘strongly disapprove’ to ‘strongly approve’ on a 10-point ordinal scale. Table 7.1 reports descriptive statistics for the dependent variables described above.

We use logit, ordered logit and linear regression models to estimate how these variables are associated with economic informality. To give each country equal weight in the pooled sample, country-level weights are used in calculating the descriptive statistics as well as in all our regression analyses (Castorena, 2021).

Independent variables

Our key independent variable is employment in the informal which is measured by a question asking about respondents’ occupation status: Those who chose ‘self-employed’ are treated as informal workers; the reference category includes formal workers and non-workers. This is not an ideal measure of informality, however: Self-employed workers in certain professions may be registered with the state, pay taxes and receive benefits (Altamirano et al., 2022; Baker et al., 2020). The variable does, however, have the advantage of wide coverage: It is available for all waves and countries from 2007 onwards. In 2018/2019, 23% of respondents across the region were classed as informal workers using the self-employment measure. The lowest share of informal workers in the sample was in Suriname (16%), and the highest share was in Bolivia (62%).

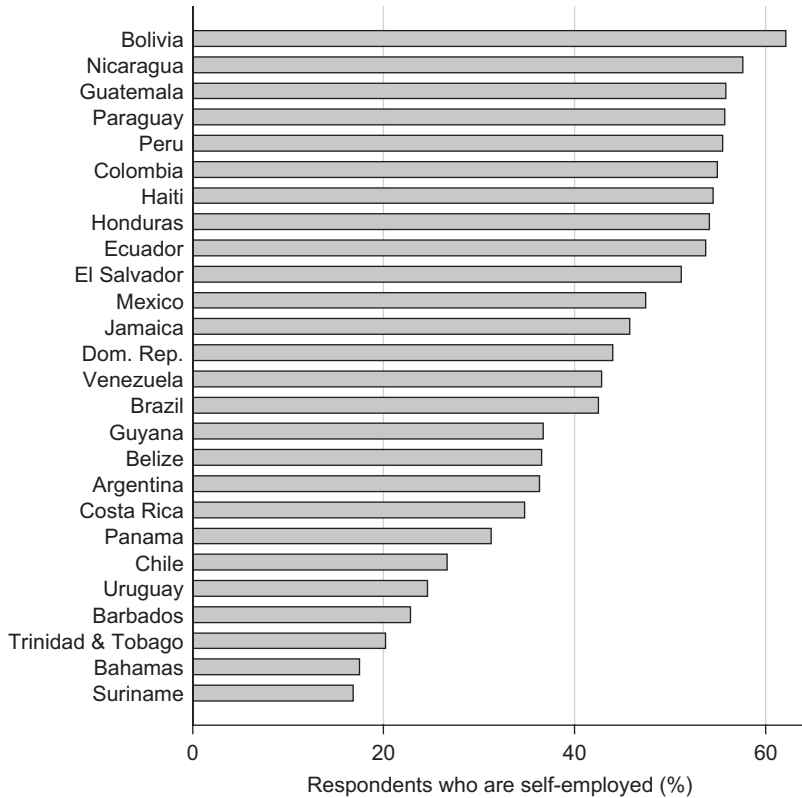


FIGURE 7.1 Informal (self-employed) workers by country.

Source: AmericasBarometer 2006–2018/2019

There is an improved measure of informality in the 2018/2019 wave of AmericasBarometer in which respondents are asked whether they or their ‘employer make contributions to the social security/pension system’, which better captures the concept of informality and the social contract by focusing on the taxes paid and benefits received by formal workers (Baker et al., 2020). Unfortunately, this variable is only available for some countries in one wave of AmericasBarometer and so it is unsuitable for the analyses presented here.

A set of socio-demographic control variables is included in each of the regression models: the gender, education and age of respondents, whether they live in a rural or urban area and their household wealth. Education is measured in years of schooling, and household wealth is measured by an index capturing the number of durable goods a respondent’s household owns from a list including a television, a refrigerator, a mobile phone, a washing machine, a microwave, an indoor source of drinking water and an

TABLE 7.2 Logit regression: Informal workers and (state) victimization

<i>Dependent variable (DV)</i>	(1) <i>Crime victimization</i>	(2) <i>Paid bribe to police</i>	(3) <i>Paid bribe to soldier</i>
Informal	1.089*** (0.018)	1.180*** (0.025)	1.190** (0.067)
Female	1.010 (0.015)	0.438*** (0.010)	0.583*** (0.034)
Age 35–54 years	0.896*** (0.014)	0.770*** (0.016)	0.787*** (0.044)
Age +55 years	0.801*** (0.020)	0.492*** (0.018)	0.531*** (0.050)
Urban	0.669*** (0.014)	0.840*** (0.022)	0.699*** (0.048)
Secondary	1.327*** (0.033)	1.266*** (0.043)	1.152+ (0.098)
High school	1.480*** (0.034)	1.368*** (0.042)	1.101 (0.091)
College or higher	1.688*** (0.044)	1.538*** (0.054)	1.190+ (0.113)
Wealth index	1.056*** (0.005)	1.137*** (0.007)	1.045** (0.016)
N	226,118	225,146	105,976

Notes: Country and wave dummies are included in all models. Coefficients are displayed as odds ratios. Standard errors are clustered by country-waves in parentheses. Coefficients are significant at + $p < .10$, * $p < .05$, ** $p < .01$ and *** $p < .001$.

indoor bathroom. Country and survey-wave dummies were also included in all models to capture country- and time-specific variation. We are more interested in individual-level variation than country-level variation, but we nevertheless estimate a multi-level model as a robustness check to ensure that our results are not driven by country-level differences.

Results

In Table 7.2, we present the results of logistic regression models estimating the likelihood of being victimized (H2), either by criminals or state security services demanding bribes. In line with our expectations, we find that working informally is positively and significantly associated with a greater chance of both kinds of victimization. Both criminals and state security agencies are likely to see informal workers as easy targets, especially when economic informality involves legally dubious activity, for example unlicensed street vending. Police and armed forces can extort such informal workers for

bribes by threatening to (selectively) enforce the law and close down their operations. Criminals will also know that security services are less likely to protect informal compared with formal enterprises and therefore treat them as easy pickings (Moncada, 2022). Individuals who are excluded from the social contract through economic informality are thus also more likely to not only bear the brunt of the state's failure to provide security but also to be victimized by the very government agencies supposed to do so. We therefore find empirical support for H2.

If informal workers are under greater threat from both criminals and relatively unprotected by the state's security services, are they therefore less likely to trust in the state's provision of security?

In Table 7.3, we present the results of logit regression models estimating trust in security and justice institutions as a function of economic informality and a set of control variables. As expected, economic informality is associated with lower levels of trust in the judicial system, the armed forces and the police as well as the likelihood of the police catching the perpetrator of an assault or robbery and the likelihood of the judiciary punishing the criminals. This fits our overall expectations regarding informal workers being excluded from the social contract and not protected by the state to the same degree as other citizens in terms of security, which reduces their trust in institutions providing security. We can therefore also accept H3.

How does informality affect security preferences? We argue that informal workers' relative lack of protection by state security forces will make them largely indifferent to debates over punitive vs preventative security strategies (H1), but that they will be more supportive of individual and community actions to improve security (H4). Table 7.4 shows the results obtained when estimating citizens' preferences for punitive policies. As expected, informal workers do not vary from other individuals in their support of state-based punitive over preventative solutions to counter crime. Informality is not a significant predictor of other state-based punitive policies—increasing penalties for crime, supporting a coup when crime is high, and supporting the militarization of policing. However, informality is positively and significantly associated with support for vigilantism. These results support both H1 and H4.

Robustness test: Evidence from multi-level models

To simultaneously control for individual-level characteristics and country-level factors that may affect security policy preferences, and therefore allow for a more precise estimation of individual-level factors, we specify a series of random intercept models with individual respondents nested in countries in which intercepts vary across countries. Our models include the following country-level predictors: the level of democracy from the Polity

TABLE 7.3 Ordinal logit regression: Informal workers and trust in justice and security state institutions

	(1)	(2)	(3)	(4)	(5)
DV: Trust in...	<i>The police</i>	<i>The police catch to criminals</i>	<i>The judiciary</i>	<i>The judiciary to punish criminals</i>	<i>The military</i>
Informal	0.907*** (0.011)	0.896*** (0.027)	0.897*** (0.012)	0.926*** (0.012)	0.906*** (0.012)
Female	1.007 (0.011)	0.892*** (0.025)	1.005 (0.012)	0.953*** (0.011)	0.789*** (0.009)
Age 35–54 years	1.129*** (0.013)	1.171*** (0.034)	1.046*** (0.013)	1.061*** (0.013)	1.089*** (0.014)
Age +55 years	1.288*** (0.025)	1.173*** (0.056)	1.092*** (0.023)	1.093*** (0.022)	1.143*** (0.024)
Urban	1.300*** (0.022)	1.301*** (0.050)	1.263*** (0.022)	1.246*** (0.020)	1.081*** (0.019)
Secondary	0.905*** (0.018)	0.914+ (0.042)	0.914*** (0.019)	0.873*** (0.017)	0.969 (0.021)
High school	0.858*** (0.015)	0.878** (0.036)	0.885*** (0.016)	0.800*** (0.014)	0.843*** (0.016)
College or higher	0.860*** (0.017)	0.897* (0.044)	0.900*** (0.019)	0.774*** (0.016)	0.745*** (0.016)
Wealth Index	0.982*** (0.003)	0.983* (0.008)	0.982*** (0.004)	0.975*** (0.003)	0.984*** (0.004)
N	224,883	42,927	199,958	223,280	194,700

Notes: Country and wave dummies are included in all models. Coefficients are displayed as odds ratios. Standard errors are clustered by country-waves in parentheses. Coefficients are significant at +p < .10, *p < .05, **p < .01 and ***p < .001

IV project, and the share of the shadow economy as a share of the country's GDP (Medina & Schneider, 2018). These measures serve as proxies for political development and levels of informality respectively—both of which should theoretically influence the organization of informal workers (Hummel, 2021). We enter these predictors into our models as country-mean variables centred around the grand mean. Regression models are reported in Table 7.5.

Again, we find that informality is positively and significantly associated with the likelihood of vigilantism (at $p < 0.10$) but is not related to support for any state-based approach to fight crime. This accords with our expectations.

TABLE 7.4 (Ordinal) logit regression: Informal workers and support for punitiveness

DV	(1)	(2)	(3)	(4)	(5)
	<i>Increased penalties vs social spending</i>	<i>Support for increased penalties</i>	<i>Support for military involvement in domestic security</i>	<i>Support for military coup in crime-rising scenarios</i>	<i>Approval of vigilantism</i>
Informal	1.006 (0.022)	0.945 (0.037)	0.997 (0.022)	1.010 (0.016)	1.044** (0.014)
Female	1.068** (0.022)	1.078+ (0.043)	0.920*** (0.018)	1.144*** (0.018)	0.921*** (0.011)
Age 35–54 years	0.856*** (0.018)	0.975 (0.038)	1.019 (0.021)	0.718*** (0.011)	0.758*** (0.010)
Age +55 years	0.778*** (0.025)	0.771*** (0.046)	1.005 (0.032)	0.578*** (0.015)	0.638*** (0.013)
Urban	1.001 (0.028)	1.001 (0.041)	1.074* (0.034)	0.928*** (0.021)	1.006 (0.019)
Secondary	0.780*** (0.027)	1.041 (0.063)	1.081* (0.037)	0.989 (0.024)	1.025 (0.021)
High school	0.652*** (0.020)	0.984 (0.057)	0.966 (0.030)	0.844*** (0.019)	0.982 (0.018)
College or higher	0.464*** (0.017)	0.706*** (0.048)	0.888** (0.033)	0.591*** (0.016)	0.819*** (0.019)
Wealth index	0.974*** (0.006)	1.031** (0.011)	0.997 (0.006)	0.976*** (0.004)	0.977*** (0.004)
N	89,319	28,665	80,937	183,740	200,230

Notes: Model 4 is a logit regression model, and the rest of the models are ordinal logit regression models. Country and wave dummies are included in all models. Coefficients are displayed as odds ratios. Standard errors clustered by country-waves are in parentheses. Coefficients are significant at +p < .10, *p < .05, **p < .01 and ***p < .001

In sum, we have found cross-national evidence for all four of our hypotheses by analyzing AmericasBarometer survey data. Informal workers are more likely to be victimized by both criminals and state security forces, they are less trusting of judicial and security institutions, and they are more supportive of non-state-based approaches to security while being indifferent to other types of security policy. Based on these results, we can tentatively accept our theory that the exclusion of informal workers from the social contract is related to the unequal provision of security and thereby affects security policy preferences.

TABLE 7.5 Random intercept models: Informal workers and support for punitiveness

	(1)	(2)	(3)	(4)	(5)
<i>DV: Trust in...</i>	<i>Penalties vs social spending (crime)</i>	<i>Support for increased penalties</i>	<i>Support for military involvement in domestic security</i>	<i>Support for military coup in crime-rising scenarios</i>	<i>Approval of vigilantism</i>
<i>Fixed effects</i>					
Shadow economy (% of GDP)	-0.002 (0.007)	-0.005 (0.008)	0.012 (0.014)	0.008 (0.007)	0.008 (0.006)
Polity	0.013 (0.025)	-0.005 (0.038)	-0.079 (0.083)	0.043 (0.035)	-0.006 (0.036)
<i>Individual-level</i>					
Self-employed	0.004 (0.016)	-0.060 (0.046)	-0.004 (0.026)	0.014 (0.022)	0.037+ (0.021)
Female	0.040 (0.036)	0.076 (0.065)	-0.085 (0.052)	0.145*** (0.026)	-0.074* (0.029)
Age 35–54 years	-0.187*** (0.032)	-0.023 (0.106)	0.028 (0.025)	-0.342*** (0.038)	-0.286*** (0.033)
Age +55 years	-0.257*** (0.058)	-0.256* (0.119)	-0.004 (0.050)	-0.554*** (0.060)	-0.449*** (0.052)
Urban	-0.007 (0.048)	0.002 (0.058)	0.028 (0.038)	-0.071* (0.030)	0.017 (0.027)
Secondary	-0.250*** (0.053)	0.044 (0.065)	0.065 (0.045)	0.002 (0.038)	0.026 (0.032)
High school	-0.442*** (0.060)	-0.006 (0.093)	-0.046 (0.058)	-0.171** (0.060)	-0.016 (0.030)
College or higher	-0.797***	-0.342***	-0.143	-0.532***	-0.213***

(Continued)

TABLE 7.5 (Continued)

	(1)	(2)	(3)	(4)	(5)
<i>DV: Trust in...</i>	<i>Penalties vs social spending (crime)</i>	<i>Support for increased penalties</i>	<i>Support for military involvement in domestic security</i>	<i>Support for military coup in crime-rising scenarios</i>	<i>Approval of vigilantism</i>
Wealth index	(0.089) -0.032*** (0.008)	(0.086) 0.030*** (0.007)	(0.107) -0.005 (0.011)	(0.079) -0.024** (0.009)	(0.041) -0.024*** (0.007)
Random effects	0.061*** (0.012)	0.029* (0.012)	0.232*** (0.053)	0.116*** (0.031)	0.090*** (0.026)
Countries	39,979	11,664	37,627	84,419	92,286
N	22	11	20	22	22

Notes: Model 4 is a mixed logit regression model, and the rest of the models are mixed ordinal logit regression models. Country and wave dummies are included in all models. Coefficients are displayed as odds ratio. Standard errors clustered by country-waves in parentheses. Coefficients are significant at $*p < .10$, $**p < .05$, $***p < .01$ and $****p < .001$

However, we need to acknowledge the boundaries of these tests. So far, we have been looking at correlational evidence, which impedes any claims on causality. Only experiments would allow us to draw conclusions about the causal impact of informality on the likelihood of crime and state victimization and subsequently, the causal impact of informality on security policy preferences, but randomizing informality or victimization would be both highly unethical. We also lack evidence on victimization and trust as mediators of security policy preferences. In the following, we will therefore present results from a survey experiment from an online survey conducted in Mexico to mitigate some of the analytical hurdles to our cross-sectional analyses.

Informality and security policy preferences in Mexico: Evidence from a survey experiment

We now turn to experimental evidence from Mexico to provide another test of our hypothesis that informal workers are largely indifferent to state-based security policies. Approximately 60% of the labour force in Mexico works in the informal economy. Since President Felipe Calderón launched a militarized war on drugs in 2006, homicide levels have spiralled upwards. Despite this, the armed forces remain the most respected and trusted state institution in the country (ENSU, 2023).

We fielded a survey online through Pollfish in December 2021 and January 2022 which included a series of experiments examining the relationships between social contract exclusion, attitudes towards taxation and security policy preferences (López García et al., 2024).³ Our experiment examines how respondents would react to a budget cut in spending in the military and the federal police by inducing exogenous variation in their awareness of budgetary trade-offs across funding the local police or giving subsidies for people to take care of their own security. It is set up as a simple vignette experiment with three different text vignettes which were randomly presented to respondents. We expect informal workers to be indifferent when money is (re)allocated between state security agencies (testing H1), but supportive of spending cuts when the money is shifted instead as a subsidy to citizens to buy private protection (testing H4).

Our dependent variable (DV) measures support for such reallocation on a 5-point scale in response to the question: ‘On a scale from 1 to 5, where 1 means “strongly disagree” and 5 means “strongly agree”, to what extent do you agree or disagree with cutting spending on the military and the federal police <variation>?’ The control group received no information about possible trade-offs. There were two treatment groups: One group was told that the cut to spending on the military and the federal police would be used to increase spending in the state and municipal police forces (Treatment 1),

while the other group was told it would be used to transfer subsidies to people to buy security systems and other self-protection measures (such as alarms, cameras and locks) (Treatment 2). Figure 7.2 displays the distribution of the DV.

Responses were collected in winter 2021. The target sample consisted of 2,401 Mexican citizens (± 18 years old) who had one of Pollfish's 140,000 partner apps installed on their mobile phone or tablet computer. Besides the experimental task, respondents were additionally surveyed on their socio-economic and demographic characteristics, including whether or not they worked informally and if they had health insurance. These items are included to investigate heterogeneous responses and reduce the error variance.

By design, approximately half of the respondents are women ($n = 1201$ women). The median age was 31 years ($M=33.5$, $St. Dev.=11.7$). Most respondents in our sample belong to the labour force ($n = 2109$, 87.84%) and have public health insurance ($n = 1,519$, 63.27%). Informal workers (i.e. those working and making no contributions to social security) account for 24% out of 81% of respondents who are actively working, and 37% of respondents have no health insurance ($n = 882$). Informal workers are thus under-represented in our sample. Our sample is also biased towards those with high levels of education and living in urban areas. Over half of respondents have a university degree ($n=1400$, 57.81%) and have an internet connection at home

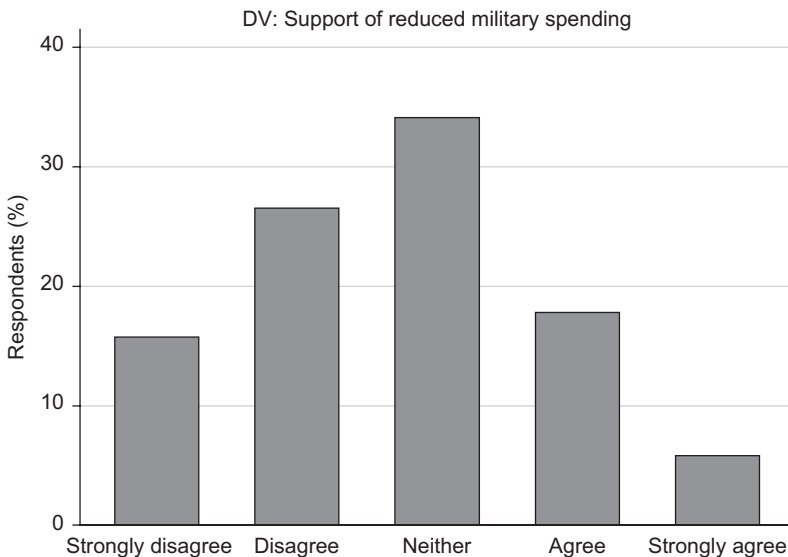


FIGURE 7.2 Support for reducing spending on military and federal security forces

TABLE 7.6 Descriptive statistics—respondents' characteristics

<i>Variable</i>	<i>N</i>	<i>Mean</i>	<i>SD</i>	<i>Min</i>	<i>Median</i>	<i>Max</i>
Age	2401	33.511	11.16	18	31	75
Female	2401	0.5	0.5	0	1	1
Secondary or lower	2401	0.055	0.227	0	0	1
High school	2401	0.362	0.481	0	0	1
University	2401	0.478	0.5	0	0	1
Postgraduate	2401	0.105	0.307	0	0	1
Poor (<10,000 pesos per month)	2401	0.303	0.46	0	0	1
Middle class (Between 10,000 and 40,000 pesos per month)	2401	0.559	0.497	0	1	1
Rich (>40,000 pesos per month)	2401	0.137	0.344	0	0	1
Indigenous	2401	0.350	0.477	0	0	1
Employed	2401	0.807	0.395	0	1	1
Informal	2401	0.197	0.398	0	0	1
Public healthcare insurance	2401	0.314	0.464	0	0	1
Public healthcare usage	2401	0.633	0.482	0	1	1

($n = 2153$, 52%). According to monthly income levels, 30% of respondents are poor (with income levels under 10,000 Mexican pesos), 65% belong to the middle class (with income levels between 10,000 and 40,000 Mexican pesos) and 5% are upper class (with income levels over 40,000 Mexican pesos) (INEGI, 2020). Table 7.6 displays descriptive statistics of the survey data.

Our specific hypothesis for this experiment is that informal workers will be indifferent towards cutting the budget of the military when they are informed that the money will be reallocated towards state security agencies (T1) and react positively when spent in the form of citizen subsidies (T2). That is, we expect the responses of informal workers to remain the same across treatment and the control groups for T1, reflecting their lack of trust in the state's ability to institute effective security policies or allocate spending in a way that reduces their insecurity.

In Table 7.7, we present the models both without controls and with adjustment for gender, age, education, income and employment status. Compared to those in the control group, respondents who were exposed to both treatments were more supportive of reducing military spending. Earmarking the saved resources for local police forces increases support for reducing military spending by 0.23 points ($p = 0.000$). Making respondents aware that saved

TABLE 7.7 Support for reduced military spending, main effects

	(1)	(2)	(3)	(4)
	OLS	OLS + controls	OLS	OLS + controls
State and municipal police (T1)	0.229*** (0.055)	0.223*** (0.055)	0.264*** (0.062)	0.257*** (0.062)
Citizen subsidies (T2)	0.189*** (0.055)	0.191*** (0.055)	0.205*** (0.061)	0.207*** (0.061)
Informality			0.056 (0.096)	0.056 (0.097)
Informality*T1			-0.168 (0.136)	-0.165 (0.136)
Informality*T2			-0.081 (0.140)	-0.075 (0.140)
N	2,401	2,401	2,401	2,401
R ²	0.008	0.015	0.009	0.016

Note: Control variables are included as indicated in the model description but omitted from the table for ease of presentation. Socio-economic controls refer to gender, age, education level, and income level. Standard errors are in parentheses. Coefficients are significant at $p < .10$, $*p < .05$, $**p < .01$, and $***p < .001$

Source: Mexico Pollfish Survey 2021/2022.

funds would be reallocated to citizens' subsidies for self-protection increases support for reduced military spending by 0.19 points ($p = 0.001$). The main effects remain significant after including socio-demographic covariates (gender, age, level of education, employment status and income level) in the models as a means of improving the precision of point estimates (Table 7.7). In regard to the interactive terms between the treatments and informality, none of these achieve statistical significance. This indicates that the responses to the experimental manipulations do not vary by informality. Interaction tests confirm that there are no significant group differences across formal and informal workers ($p = 0.467$).

We split the sample by informality status and found that the information about trade-offs only has positive effects on support for cutting spending for those who work in the formal economy ($p = 0.000$). However, none of our experimental manipulations elicit any significant response from those working in the informal economy, as shown in Table 7.8 and Figure 7.4.

We therefore have further evidence that informal workers are largely indifferent to state security policies. Informal workers do not care how money is allocated across different security services, even when other citizens do.

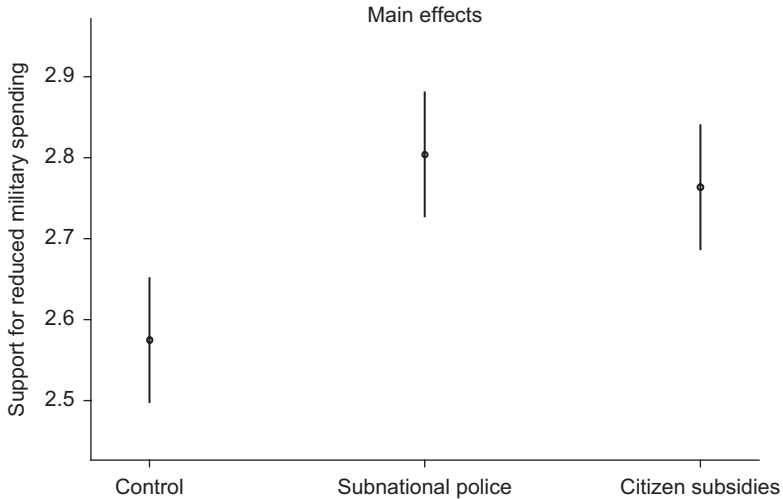


FIGURE 7.3 Information about trade-offs and support for cutting spending on the military and federal police

Source: Mexico Pollfish Survey 2021/2022.

This is likely because informal workers do not believe that changing security policies will improve their personal security: Either way, they will suffer from state harassment and abuse. They are even insensitive to the state giving citizens money to purchase their own protection rather than to security forces. It therefore appears that informal workers are more supportive of community approaches to improving security—such as vigilantism—rather than relying on the state to redirect security spending towards subsidies to citizens. This is likely due to the distrust of the state that we found in the findings from AmericasBarometer.

Conclusion

Building strong and durable social contracts is a vital task for governments around the world and is based on reciprocity between citizens and state: Citizens provide funding (in the form of taxation) and consent to be ruled in exchange for governments offering security and public services. When this reciprocity breaks down due to poor and uneven delivery of the government's side of the contract—for example, unequal security—citizens' willingness to pay taxes to fund the state's activities and to trust in the state's promises to improve services diminishes. Economic informality is a form of exclusion from the social contract because informal workers fail to benefit from the

TABLE 7.8 Support for reduced military spending, by membership to the informal economy

	<i>Formal workers</i>		<i>Informal workers</i>	
	(1)	(2)	(3)	(4)
	<i>OLS</i>	<i>OLS + controls</i>	<i>OLS</i>	<i>OLS + controls</i>
State and municipal police	0.264***	0.257***	0.096	0.117
	(0.062)	(0.062)	(0.119)	(0.120)
Citizen subsidies	0.205***	0.205***	0.124	0.148
	(0.062)	(0.062)	(0.125)	(0.126)
N	1,928	1,928	473	473
R ²	0.010	0.018	0.002	0.021

Source: Mexico Pollfish Survey 2021/2022.

Note: Control variables are included as indicated in the model description but omitted from the table for ease of presentation. Socio-economic controls refer to gender, age, education level and income level. Standard errors are in parentheses. Coefficients are significant at +p < .10, *p < .05, **p < .01 and ***p < .001

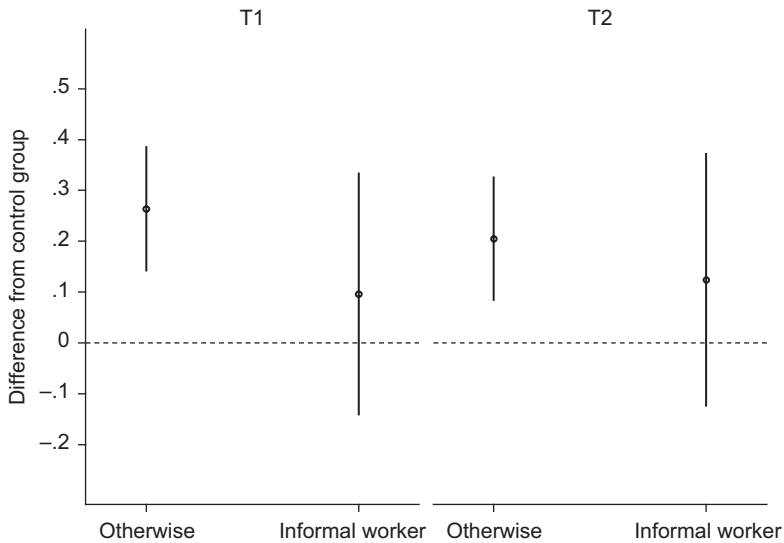


FIGURE 7.4 Information about trade-offs and support for cutting spending on the military and federal police: A comparison between informal workers and others.

Source: Mexico Pollfish Survey 2021/2022.

state enforcement of labour laws and many social insurance schemes which are available only to those working in the formal economy.

The social contract in many countries in Latin America and the Caribbean is under pressure from poor public services and rising levels of crime and violence, in addition to economic informality. In this chapter, we have explored how exclusion from or opting out of the social contract through economic informality affects security policy preferences. We have uncovered evidence that the weakening of the social contract is associated with greater support for non-state-based approaches to security, such as vigilantism. These kinds of actions, while often rational for individuals and communities to protect themselves, are often counter-productive and can undermine state capacity (Cafferata & Scartascini, 2021; Davis, 2017; Treviso, 2022). A vicious cycle can take root in which unequal security and economic opportunities lead to greater support for the kinds of actions which will worsen these inequalities and lead to greater insecurity.

Unequal security is related to other inequalities in states' treatment of their citizens. We have focused in this chapter on informal workers, who do not benefit from the same social insurance and labour policies as formal workers. Our findings suggest the need for further research into the political effects of such inequalities, which at their root are often about exclusion from the social contract. Theoretically, we need to better integrate various accounts of the social contract. Classic accounts of the social contract, drawing on the political theories of Thomas Hobbes and other Enlightenment political theorists, emphasize the security function which is provided in exchange for societal support.⁴ More recently, the provision of welfare functions has taken centre stage, especially when considering how social contract exclusion impacts tax morale in LAC and beyond (Castañeda et al., 2020; López García & Maydom, 2023; López García et al., 2024; McCulloch et al., 2021). Building strong and durable social contracts is vital for enhancing security and economic development in LAC and other developing regions. Widespread exclusion of citizens from the social contract is therefore very problematic, but there has been little research to date which has explicitly connected different aspects of the social contract. Doing so would be fruitful for understanding both the micro-level underpinnings of political attitudes and behaviours amongst relatively included or excluded citizens and also macro-level approaches to improving state capacity.

Existing empirical evidence on the effects of exclusion from the social contract in LAC is exclusively quantitative (Castañeda et al., 2020; López García & Maydom, 2023). Future research could also gather qualitative evidence from interviews and focus groups to understand how citizens of countries in the region conceive of the social contract and the lived experience of such exclusion. This approach would allow us to explore, for example,

variations in how the social contract is perceived between those who are included and excluded from it by inequality and unevenness in government provision of security and welfare services. Many citizens are excluded in a multitude of ways: They could work informally, rely on remittances from abroad and be the victim of crime, and levels of exclusion will vary over an individual's lifetime. Indeed, we showed above that working in the informal economy is associated with a greater chance of being a victim of crime. However, informal workers are also more likely to be exposed to state abuse and violence, and as such remain unprotected. Qualitative interviewing can provide evidence about how such changes in relative levels of exclusion impact attitudes towards the state and preferences for different kinds of security policies. This kind of qualitative evidence will help us to refine theories about the social contract by rooting them in the lived experience of social contract exclusion. We also note that informal sector workers were underrepresented in our survey experiment sample. Considering the difficulty of reaching informal sector workers in representative online surveys, qualitative interviews may be a better method for reaching those who are more likely to be excluded.

We also require better quantitative data on exclusion from the social contract and support for different kinds of security policies. Future survey data collection could improve the precision of questions asking about issues of social contract exclusion. The improved measure of informality in the 2018/2019 wave of AmericasBarometer is a positive step. We hope that future waves will include more detailed questions about economic informality and other measures of social contract exclusion. Furthermore, panel data would be helpful to uncover how changes in the level of exclusion from the social contract might impact policy attitudes. Visconti's (2020) use of panel data from Brazil allowed him to demonstrate the causal impact of crime victimization; it would be helpful to collect similar longitudinal data for other forms of social contract exclusion (like informality) and also to track individuals' security policy preferences over time to understand how stable they are and the extent to which different factors can make them more or less likely to change. Experimental designs can also help us to uncover causal relationships between social contract exclusion and security policy preferences. Recent experimental research has made great strides in uncovering the root causes of security attitudes (Denny et al., 2023; Flores-Macías & Zarkin, 2022). Using more of these kinds of approaches will help us to evidence better theories of the relationship between the social contract and security preferences. As levels of economic informality and crime continue to rise in many countries in Latin America and the Caribbean, undertaking this research is only becoming more important.

Notes

- 1 See Rudolph and Starke 2020 on macro-level effects of welfare policies on crime.
- 2 The countries included in the analysis are Mexico, Guatemala, El Salvador, Honduras, Nicaragua, Costa Rica, Panama, Colombia, Ecuador, Bolivia, Peru, Paraguay, Chile, Uruguay, Brazil, Venezuela, Argentina, Dominican Republic, Haiti, Jamaica, Guyana, Trinidad and Tobago, Belize, Suriname, Bahamas, Barbados, Grenada, Saint Lucia, Dominica, Saint Vincent and the Grenadines and Saint Kitts and Nevis. Eight waves of AmericasBarometer were fielded between 2004 and 2009, but not all countries were included in every wave. Not every relevant survey item we analyze was included in every country-wave.
- 3 Ethical approval was obtained in 2021 from the Ethics Committee of the School of Social Sciences, History and Philosophy, Birkbeck College, University of London (IRB Approval Number: BBKPOL2021/22-02). The pre-analysis plan 20220115AA is registered on EGAP (OSF, registration DOI: 10.17605/OSF.IO/XUS8Y). The project is based on Study 3: Experiment 3, prediction E3.4.
- 4 Security-based social contracts can go beyond the state: Herrera (2023) considers the breakdown of a social contract between civil society and criminal organizations to explain the rise of vigilante groups in Mexico.

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