Correction

David Doyle, The Political Economy of Policy Volatility in Latin America. *Latin American Politics and Society* volume 56, number 4, Winter 2014, pages 1–21.

The following corrections were submitted by the author. In table 3, in models 6, 7, and 8, the interaction term should have been lagged (as were all other variables in the other models). The corrected text follows, along with corrected table 3 and figure 3. These revisions do not significantly change the results of the analysis. All other models remain exactly the same, as do the general conclusions.

Corrected Text
Pages 14–15
Corrected text in boldface.

This study is interested in the effect of resource rents on policy volatility under varying institutional conditions. To that end, models 6, 7, and 8 in table 3 include interactions between executive constraints, judicial independence, and bureaucratic quality and resource rents. **For two models,** this interaction term is negatively signed and statistically significant at the .05 level or better. However, because the conditioning variables are continuous, interpreting this interaction term requires a little work. Figure 3 presents the marginal effects of these interaction terms and their corresponding standard errors. The respective panels of figure 3 graph the effect of resource rents on policy volatility at both the highest (lower graphs) and lowest (upper graphs) levels of the variables in the sample—constraints on the executive, judicial independence, and bureaucratic quality—together with 90 percent confidence intervals.

If we turn to the lefthand pane of this figure, we can observe a notable difference between the effect of resource rents on policy volatility when the executive is constrained and when the executive is unconstrained. When an executive is unconstrained, policy volatility increases precipitously as resource rents increase. Alternatively, when an executive faces multiple veto points, the effect of resource rents on volatility is muted. Indeed, for example, when rents compose **20 percent of GDP, the difference in volatility between a constrained and unconstrained executive is approximately 10 points.**

The interactions between judicial independence and resource rents, and bureaucratic quality and resource rents are even more instructive, given the central argument of this article. At the lowest level of judicial independence, policy volatility increases notably as resource rents increase. In contrast, when the judiciary is of high quality and is considered independent, a good proxy for the incentives to engage in intertemporal cooperation among actors, then resource rents actually

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result in reduced levels of policy volatility. The substantive effect of this relationship is notable. For example, when rents compose 50 percent of GDP, the difference in policy volatility between the highest and lowest level of judicial independence is approximately 40 points.

The interaction between bureaucratic quality and resource rents in the right-hand pane of figure 3 produces similar results. When the bureaucracy and civil service are of poor quality, then policy volatility will increase as resource rents increase. Conversely, when the bureaucracy and civil service are deemed to be of high quality—again a good proxy for the type of institutional environment that would promote cooperation among actors—then policy volatility will decrease as resource rents increase. In such institutional environments, clearly the use of resource rents is much more likely to be shaped by a longer time horizon, thereby generating stable policies.

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Table 3. Panel-Corrected Standard Error Models, Corrected for Autocorrelation

Corrected figures in boldface.

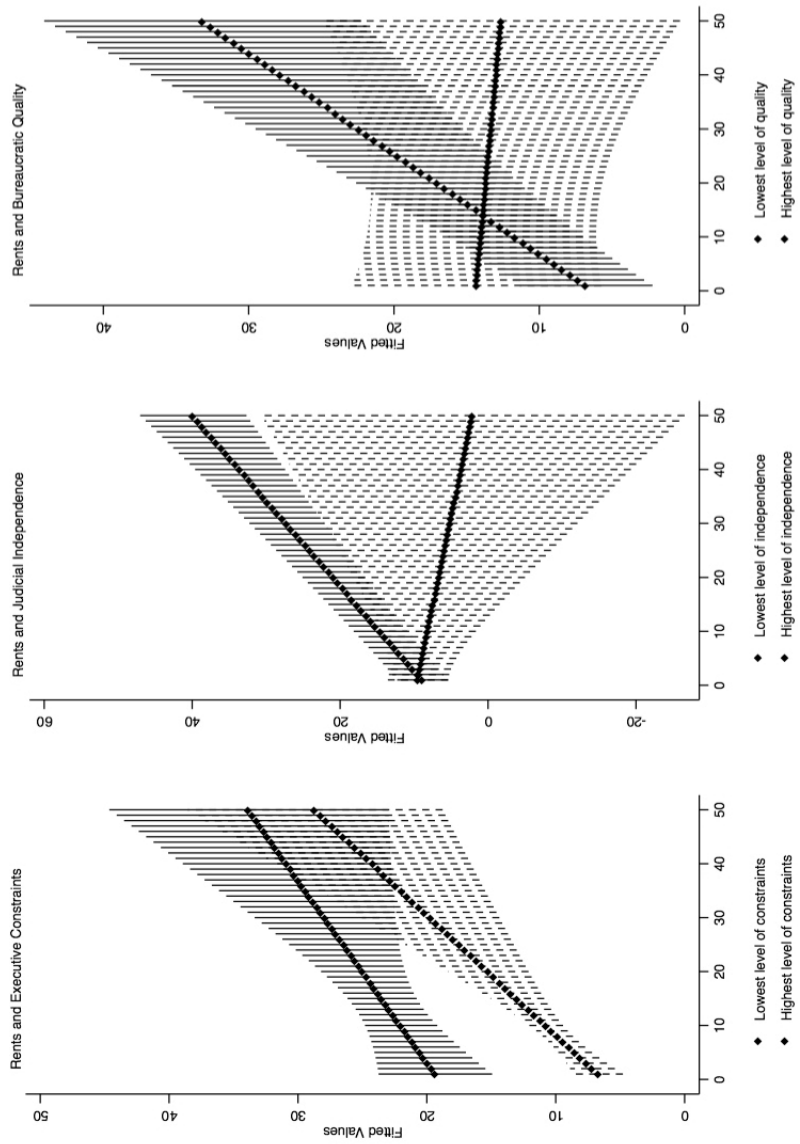
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Executive Constraints$_{t-1}$	–2.988*** (0.564)					**–3.197*** (0.973)**		
Executive Power$_{t-1}$		5.741*** (1.826)						
Legislative Advantage$_{t-1}$		6.908*** (2.495)						
Judicial Independence$_{t-1}$			–0.661 (0.668)				**0.211 (0.621)**	
Bureaucratic Quality$_{t-1}$				–3.382 (3.612)				**3.376 (3.272)**
Resource Rents$_{t-1}$					0.440*** (0.0681)	**0.180 (0.383)**	**0.668*** (0.0874)**	**0.276** (0.125)**
Resource Rents* Executive Constraints						**0.0383 (0.0719)**		
Resource Rents* Judicial Independence							**–0.116** (0.0562)**	
Resource Rents* Bureaucratic Quality								**–0.239*** (0.0642)**
Δ.Inflation (ln)$_{t-1}$	0.441 (0.374)	0.977** (0.494)	–0.248 (0.480)	–0.762 (0.521)	0.424 (0.356)	**0.340 (0.350)**	**–0.108 (0.421)**	**–0.447 (0.382)**
Δ.GDP Growth$_{t-1}$	0.137* (0.0822)	0.141 (0.0974)	–0.0777 (0.141)	–0.0929 (0.130)	0.145* (0.0760)	**0.137* (0.0753)**	**0.0399 (0.108)**	**0.0654 (0.0893)**

Table 3. Panel-Corrected Standard Error Models, Corrected for Autocorrelation *(continued)*
Corrected figures in boldface.

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Observations	234	218	128	153	235	**234**	**128**	**153**
R-squared	0.613	0.491	0.887	0.655	0.614	**0.635**	**0.911**	**0.913**
Number of countries	18	18	18	18	18	**18**	**18**	**18**

*** p<0.01, ** p<0.05, * p<0.1
Panel-corrected standard errors in parentheses.
All models are estimated with country and year fixed-effects, which are not reported here.

Figure 3. The Conditional Effect of Resource Rents on Policy Volatility Corrected



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