The Other Side of Neoliberalism: Policy Regimes and Economic Accountability in Latin America*

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Abstract. The advent of neoliberalism in Latin America triggered strong negative reactions. Whereas citizens protested against and, in some cases, replaced neoliberal reformers with candidates who promised to increase the state's economic role, many scholars decried neoliberalism's effects on democratic quality. This study examines accountability under neoliberal, statist, and heterodox economic policy regimes. We argue, firstly, that the more neoliberal policy regimes become, the more exposed citizens become to market forces and the more salient economic issues become to them. Statism has the opposite effect. Second, citizens translate their market exposure and attention to the economy into corresponding degrees of incumbent economic accountability. Data from cross-national annual surveys and quarterly data series on consumer sentiment and presidential approval find evidence supporting both parts of this theoretical framework. Study results imply that neoliberalism enhances accountability, a key dimension of democratic quality, whereas statist policy regimes diminish it. This underscores a non-obvious but important normative tradeoff between accountability and leaders responding to citizens demands to shield them from market forces.

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The Latin American debt crisis of the 1980s precipitated one of history's quickest, boldest, and geographically broadest waves of economic reform. Political and social disruptions in its wake prompted scholars to reassess two core elements of democratic theory – representation and accountability – in contexts of economic flux (O'Donnell 1994; Domínguez 1998; Przeworski, Stokes and Manin 1999; Stokes 2001; Weyland 2004). Weyland (2004), for one, argued that neoliberal economic reforms were a mixed blessing for democracy in the region – aiding its sustainability but damaging its quality in terms of responsiveness and accountability. Stokes (2001a, 153) maintained that even reformers who bring "neoliberalism by surprise" are "good representatives" if they believe they are acting in voters' best interests; yet "post-hoc" accountability alone cannot, however, ensure that only good representatives are reelected since incumbents can stave off defeat by compensating structural reform's losers ahead of elections.

But what began as typical political business cycle spending by a few bait-and-switch presidents in Latin America has morphed into new policy regimes that marry neoliberal principles with a range of state-led actions to soften their negative externalities (e.g., Birdsall and Fukuyama 2011; Kurtz and Brooks 2008; Shrank and Kurtz 2005). Thus policy regimes' effects could stretch beyond national economies and electorates to elected officials. Does the choice of policy regime, be it neoliberal, statist, or something in between, influence how citizens hold their leaders accountable for the economy? This is the motivating question of our study.

Answering it has payoffs for both theory and praxis. Theoretically, it would help unpack the mass politics implications of economic reform and, ultimately, economic policy regimes. Debates over the "Washington Consensus" (e.g., Huber and Solt 2004, Huber and Stephens 2012; Walton 2004, Weyland 2004; Wibbels 2006) have taught us much about how different reform strategies shape the prospects for development but less about how these policy choices influence

the accountability of political elites. And the retrospective voting paradigm commonly used to assess accountability is based largely on the experience of rich democracies, whose basic economic structures change very slowly (Lewis-Beck and Stegmaier 2000, 2009), and extensions to emerging market economies ignore the effects of reform. Research in Latin America has either focused on the electoral prospects of leaders who break campaign promises (Johnson and Ryu 2010), or how factors orthogonal to economic structure condition accountability (Arce 2003; Benton 2005; Campello and Zucco 2014; Carlin et al. 2015a, 2015b; Carlin and Singh 2015; Johnson and Schwindt-Bayer 2009; Morgan 2003; Remmer 1991; Samuels 2004; Singer 2013a; Singer and Carlin 2013). How economic policy regimes more generally affect economic accountability, however, remains unclear.

The theory we test, and find evidence consistent with, is that policy regimes facilitate economic accountability commensurate with how much they expose the public to market forces. Our findings suggest neoliberalism induces far more citizen market exposure than statism and, thereby, higher degrees of economic accountability. Thus mixing the state and markets is a dominant strategy for political leaders. Embracing the market and succeeding can lead to high popularity, though it carries great risk of punishment for failures. But statist protections, insomuch as they erect buffers between the market and citizens' well-being, can alter the economic risk-reward function and thus prolong their tenure. Some Latin American leaders who failed to appreciate this, or who did but were bound by international lending institutions to enforce austerity alongside neoliberal reforms, met a firestorm of protest or were ousted prematurely (Arce and Bellinger 2007; Pérez-Liñán 2007; Silva 2009; Valenzuela 2004).

Normatively, these findings imply a non-obvious tradeoff between the democratic ideals of accountability and responsiveness. Inasmuch as leaders respond to citizen demands to intervene

in markets to shield them from negative externalities, the less accountability they face. This trade-off, we submit, informs debates on the quality of democracy during dual transition to democracy and markets as well as second-generation studies of political economy in developing contexts. While our research centers on Latin America, its core lesson – economic policy regimes impinge on how citizens connect the economy to their evaluations of incumbents – should resonate anywhere elected leaders wrestle with the optimal role of the state in the economy.

Structural Reform of the Economy in Latin America, 1980-2010

The genesis of economic policy change in Latin America is by now well-known. The exhaustion of statist development models based on the principle of import-substitution industrialization spurred the inflation, capital flight, and recession that fueled the 1980s debt crisis. Executives in most Latin American democracies accepted short-term stabilization policies from international lenders. When these ultimately failed, as many did, leaders felt obligated to accept deeper "Washington Consensus" (Williamson 1990) prescriptions in the areas of trade, privatization, deregulation, and taxation (Lora 2001; Morley *et al.* 2003) via the mechanism of loan conditionality from the International Monetary Fund, World Bank, and/or the Inter-American Development Bank. These orthodox neoliberal reforms limited states' economic roles and made interventionist policies such as price and capital controls, credit subsidies, and comprehensive social insurance programs undesirable and/or infeasible. By the early 1990s, "economic openness had become almost universal in the region—both as the preferences of most political elites and as empirical policy outcomes" (Kurtz and Brooks 2008, 234; Schrank and Kurtz 2005).

Yet the arc of economic reform in Latin America was not uniform. Once the short-run goal of stabilization was met the nature and extent of structural reforms began to diverge across poli-

cy sectors and countries. In fact, some leaders opted for a more active regime of "embedded neoliberalism" (Kurtz and Brooks 2008). This "Post-Washington Consensus" (Birdsall and Fukuyama 2011) economic strategy seeks growth and stability through *both* economic openness *and* state promotion of economic production, welfare protections, countercyclical spending, and supply-side interventions including export promotion and public employment (Adserà and Boix 2002; Kurtz and Brooks 2008; Schrank and Kurtz 2005).

Within just two decades most publics across Latin America experienced, to a greater or lesser degree, three successive political economic regimes: ISI statism, orthodox neoliberalism, and heterodox policy mixtures including embedded neoliberalism. These transitions took place under democratic rules of the game with presidents beholden to the public. Notwithstanding a few notable exceptions (Baker 2009; Baker and Greene 2011; Remmer 1991; Singer 2013a; Stokes 2001a,b), studies of mass politics relegated the effects of economic reforms to the periphery. Below we theorize the implications for the public's ability to hold presidents to accounts for economic performance under the distinct economic strategies. And while we test our expectations in the context of Latin America, our argument should be seen as a more general statement on how the state's economic role influences economic accountability.

Market Exposure and Economic Accountability under Distinct Policy Regimes

Policy strategies shape the prospects for economic accountability through a two-step process. The first step concerns how the contours of the nation's economic policy affect the public's engagement with—or exposure to—the market. The second step relates market exposure to the salience of the economy in public evaluations of incumbent leaders. This logic undergirds the twin expectations that greater economic liberalization raises the degree to which incumbent popularity depends on economic performance, while greater state economic intervention lowers it. To illus-

trate our theory, let us consider three prototypical policy regimes – statism, orthodox neoliberalism, and embedded neoliberalism – whose disparate coordinates on the axes of economic liberalization and state intervention lead to distinct levels of market exposure for the average citizen.

In pure statist models, the state promotes and coordinates production in conjunction with labor and producers. The state, not the market, allocates resources (via credit, subsidies, etc.) and determines which sectors will flourish (via import barriers, commodity boards, etc.). Leaders undertaking state-led development typically prioritize full employment, rising wages, and unemployment insurance, and can employ price controls and managed currency regimes to tamp down inflation. Statism shelters members of the public from the market, decoupling citizen well-being from business cycle volatility. Most generally, statist policy regimes help to embed market activity in a wider structure and de-commodifies citizens-as-laborers (Esping-Andersen 1990).

Orthodox neoliberalism presents a polar opposite reality. It rejects the economic coordination of statism and favors eliminating its market-distorting policies that coddle industry (e.g., import barriers, low interest rates), labor (e.g., corporatism, strong unions), and citizens (e.g., wage growth, price controls). And while public expenditures may not altogether disappear under austerity, it's goal of cutting fiscal deficits forces states to focus spending on 'productive priorities,' to paraphrase Williamson's (1990) classic articulation of the Washington Consensus, in specific areas of education, health, and infrastructure. On average, citizens who experience a shift from statism to neoliberalism will trade socio-economic predictability and market protection for the free market. While the market brings the potential for greater dynamism, higher growth, and a broader range of consumption choices (Baker 2009), it also is associated with more volatility and fewer social protections. Regardless of its ultimate effects on citizen well-being, orthodox neoliberal regimes, on average, greatly increase the public's exposure to market fundamentals.

Finally, heterodox approaches strike a balance between pure forms of statism and neoliberalism. However, just as post-war Europe's bargain of "embedded liberalism" constituted a coherent mix of domestic interventionism and a liberal approach abroad (Ruggie 1982), heterodoxy in the developing world need not imply policy incoherence. As conceived by Kurtz and Brooks (2008), Latin America's "embedded neoliberal" regimes remain committed to free trade and capital flows even as they deploy supply-side interventions. These run the gamut from active labor-market policies, such as job-training programs and public employment, to active industrial policies that encourage exporters to invest in new technologies, diversify, and reach new market segments, and an array of public resource commitments (see also Schrank and Kurtz 2005). The aim of increasing international competitiveness, and the cooperation between the state and business this entails, distinguishes embedded neoliberalism from the more redistributive and egalitarian goals of embedded liberalism. While embedded neoliberalism clearly exposes citizens to markets, the state's active role in mediating market integration grants the average citizen more state protection than neoliberal orthodoxy but less than pure statism.

If these three broad policy regimes expose the public to the market to differing degrees, then it follows that they should make the economy *salient* in the public evaluations of their incumbent leaders to corresponding degrees. Citizens' may worry less about unemployment, wages, prices, and the state of economy in general where statism grants leaders numerous policy tools to intercede in market functioning. But when citizens are more clearly exposed to markets, as is the case when leaders embark on neoliberal or embedded neoliberal policy strategies, what happens to the economy and how it affects citizens' lives should be front and center to the public's attention.

Economic strategies should therefore be expected to influence economic accountability by altering the salience of the market economy for mass publics. Individuals are more likely to use a

salient issue as a basis for incumbent sanctioning, but the economy's issue salience tracks with changing conditions. Crises (Singer 2013b), recessions (Bloom and Price 1975; Headrick and Lanoue 1991), volatility (Quinn and Woolley 2001; Gélineau 2007), underdevelopment (Singer 2011b), and anxiety about financial dislocation (Singer 2013a) all raise the salience of the economy and make citizens more apt to judge incumbents based on it. Similarly, we expect the varying degrees of market exposure implied by distinct economic strategies to influence the salience of the economy and, in turn, condition the degree of economic accountability the public exacts.

Stated succinctly, economic liberalization should increase the salience of the economy and, on the contrary, statism should decrease it. The extent to which the public holds leaders to accounts for the economy should, therefore, rise with neoliberalism and, conversely, fall with statism. Evidence consistent with these expectations would suggest the orientation – neoliberal or statist or mixed – of leaders' economic strategies not only have implications for citizen well-being but also for how strictly the public holds leaders accountable for the economy. Below we assess these claims with evidence from as many Latin American countries and for as long as data allow. First, however, we describe our measures of our key explanatory factors, policy regimes.

Measuring Neoliberal, Statist, and Heterodox Policy Regimes

Drawing on research on the political economy of policy reform (Lora 2001; 2012; Morley *et al.* 2003), we measure policy regime orientations in five areas: trade liberalization, financial market liberalization, private sector ownership, labor market policies, and public sector size. Data for the first four come from indices developed by Lora (2001; 2012) covering 1987-2009.[1] The trade

[1] By way of validation, we note that some policy areas converge to the neoliberal "Washington Consensus" (e.g., trade) while others (e.g., financial reform) exhibit great regional heterogeneity.

index gauges the removal of tariffs and other restrictions on cross-border exchange. The financial liberalization index combines metrics of bank reserve ratios, freedom of interest rates, taxes on financial transactions, and bank supervision. The privatization index taps levels of private investment in infrastructure projects in the energy, telecommunications, transport, and water sectors, and is constructed from the accumulated value of the privatizations, net of nationalizations, as a percentage of GDP.

These trade, finance, and privatization indices share two features: they pertain to areas which experienced wide-ranging reforms throughout the 1990s, and provide clear signals with respect to a liberal market orientation. In contrast, labor market reforms were less prevalent and more limited, and likely feature a hodgepodge neoliberal and statist policies.[2] To address this concern, we develop an unambiguously statist measure of labor market reforms based on the extent of state effort to protect workers against risks associated with joblessness, sickness, and old age. It combines Lora's (2012) index of social security contributions and other taxes and contributions on payroll with his measure of the size of the minimum wage. The resulting worker welfare index is coded such that higher values reflect greater market protections.[3] Finally, we include data

[2] Only six countries in the region undertook major labor reforms between the mid-1980s and 2009: Argentina (1991), Colombia (1991, 2003), Guatemala (1990), Panama (1995), Peru (1991), and Venezuela (1998) (Lora 2012, 18).

[3] In addition to information on payroll contributions and minimum wages, Lora's Labor Reform Index includes sub-indices for the expected costs of firing a worker, hiring flexibility, and flexibility in working hours. We do not include these factors in our Worker Welfare Index for several reasons. For one, they strike us as qualitatively distinct concepts from labor market reforms as social protections. Second, in the cases of flexibility, the measures are derived from discrete

on final government consumption as a share of GDP to tap a broad range of fiscal interventions. Consumption data are from the World Bank's World Development Indicators and include all government expenditures (including payrolls), excluding that aspect of military expenditure classified as capital formation. Annual measures were available on these five series from the mid-1980s to 2009 for most Latin American countries.[4]

Pairwise correlations and exploratory factor analyses of the annual indicators suggest these five indicators reflect either neoliberal or statist economic policy orientations. Correlations between trade, finance, and privatization range between 0.47 and 0.68, with weak associations between other indices. Principal components analysis suggests two dimensions characterize these data. The first taps an orthodox neoliberal policy regime orientation whose dominant components are trade and financial reform, followed closely by privatization. Government consumption and worker welfare load more strongly on the second dimension, suggesting it represents a more "statist" policy regime orientation.

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scales, making index construction difficult. And third, initial analyses with the full index found that it did not load either on our neoliberal or statist policy regime dimensions.

[4] Research on liberalizing reforms in Latin American also examines legislation pertaining to tax policy. We refrain from doing so, however, due to concerns about existing measures' cross-national comparability. For example, the tax policy index refers only to national government taxes, which "may be a significant deficiency in federal countries where the states have substantial tax powers, such as Brazil and Argentina" (Lora 2012, 28). Moreover aspects of tax reform may appear in different categories. For example, regulations which relate to the taxation of labor are included in the labor legislation index; taxes on financial transactions that exist in some countries may be accounted for in the financial index, and so on.

<Table 1 about here>

Given this evidence, we use factor loadings and regression scoring techniques to create two factor scores: neoliberalism and statism. Figure 1 displays the evolution of these policy orientations for 18 Latin American and Caribbean countries. Solid lines in the figures suggest policy has become more neoliberal over time in most cases, if at somewhat different paces. A simple correlation between time and neoliberalism ranges from a high of $r = 0.97$ in El Salvador to a low of $r = 0.73$ in Mexico. Neoliberalism's dramatic dips and peaks are most obvious in emblematic cases such as Argentina, Bolivia, Ecuador, and Venezuela where neoliberal reforms provoked instability and ushered in leaders who promised to eschew such policies. The Chilean, Salvadoran, the Dominican Republic, Honduran, and Peruvian cases present smoother trajectory towards market liberalization.

<Figure 1 here>

Figure 1 also illustrates that the liberalizing tendencies—removal of tariffs, reduced capital restrictions, privatization, and so on—do not necessarily entail a retreat in state interventionism (cf. Kurtz and Brooks 2008). Dashed lines show "statist" policy orientations retreating in Bolivia, El Salvador, and Guatemala but advancing in Colombia, Honduras, and the Dominican Republic. High values on *both* dimensions at once indicate variants of policy heterodoxy. We observe this recently in Argentina, Brazil, and Peru where pragmatic leaders like Kirchner, Lula, and Garcia experimented with different policy mixtures to achieve more sustainable growth.

Economic Policy Strategies, Consumer Confidence, and Economic Accountability

If elections and spates of mass mobilization are potent but rare opportunities to hold policymakers accountable for economic outcomes (Manin et al. 1999), then public evaluations of the ex-

ecutive between elections approximate a continual accountability mechanism (Carlin et al. 2015b; Johnson and Schwindt-Bayer 2009, Morgan 2003). Our theory predicts economic accountability will vary across policy regimes. To test this claim, we model the effect of economic performance on aggregate presidential approval conditional on the orientations of economic policy. Cases are selected based on data coverage on our three key measures: the policy reforms indices, presidential approval, and consumer sentiment. In total, this permits an analysis for ten Latin American countries on a quarterly basis: Argentina (1998-2009), Bolivia (2004-2009), Brazil (1999-2009), Chile (1991-2009), Colombia (2001-2009), Costa Rica (2002-2009), El Salvador (2000-2009), Mexico (2001-2009), Peru (2003-2009), and Uruguay (2007-2009).

Comparable presidential approval time series are hard to come by in Latin America. Differences in question wording, response sets, temporal lengths, sample frames, and so on pose barriers to systematic analysis. Our solution is to collect as much presidential popularity data as possible for each country under study (in all, 2384 survey marginals from 117 series[5]) and combine them into a single smoothed country series based on country-specific measurement models using Stimson's (1991) dyad-ratios algorithm.

This method assumes that to the extent a given data time series is a valid indictor of presidential approval, the ratio of any two values within the series is a *relative* indicator of presidential approval. The algorithm uses all such dyadic ratios within a given series to estimate presidential approval values at regular time intervals. To combine *N* time series for a country *i* into a single

[5] Items take many forms, e.g., "approval" (*aprobar/desaprobar*), "favorability" (*favorable/desfavorable*), and "ratings" (e.g. *muy bien, bien, regular, mal, muy mal*) of the president's "management" (*gestión*), "job/work," (*trabajo*), "performance" (*desempeño*), and "image" (*imagen*). We exclude questions related to vote intentions, trust/confidence, and grading systems.

measure, each raw series undergoes this transformation, resulting in *N* dyads-ratio series. If these *N* dyads-ratio series are indeed relative indicators of presidential approval, they should co-vary where they have temporal overlap and this common variance should tap a single latent construct – presidential approval. From this covariance, validity estimates are computed for each of *N* series used to estimate the best single series of latent approval. Exponential smoothing on the resulting series sharpens the estimates by removing random fluctuation due to sampling error.

Evidence suggests this approach is valid and reliable. Following Erikson *et al.* (2002) we calculate approval as $\frac{\%\ positive\ rating}{(\%\ positive\ rating + \%\ negative\ rating)}$.[6] By excluding neutral and ambivalent responses this approach eases comparisons across series. A single dimension, theorized to be presidential approval, accounts for 87.56% of the variance in quarterly measurement models on average, with a low of 70.83% (Mexico) and a high of 95.25% (Brazil). Most input series load highly ($\geq$ 0.90) on the latent factor. Meeting conservative criteria for confirmatory factor analysis bolsters our confidence that the information from distinct input series can indeed be harnessed to produce valid and reliable measures of presidential approval.

Following second wave research on "popularity functions," our main indicator of economic performance is *Consumer Confidence*. Such subjective economic indicators exhibit stronger effects on political evaluations than objective indicators (e.g., Erikson *et al.* 2002; Bélanger and Lewis-Beck 2004; Whiteley *et al.* 2013), and ameliorate measurement by substituting a single global index for various objective measures, none of which may be sufficiently 'global' in scope

[6] Measuring approval as the total percentage of positive ratings or net approval (positive rating minus negative rating) changes the results reported below very little.

to drive aggregate sentiment.[7] In this way, subjective consumer confidence "allows the relevant objective macro-economic indicators in each country to be self-weighted according to voter attitudes" (Bellucci and Lewis-Beck 2011, 196).

Data to construct *Consumer Confidence* come from several sources. For seven cases, we use indices modeled on the University of Michigan's Index of Consumer Sentiment (ICS), which combines six questions that rate (1) current family finances, (2) current buying conditions, (3) next year family finances, (4) short-term business expectations, and (5) long-term business expectations.[8] Other indices use some combination of these and other questions (e.g. inflation ex-

[7] By collapsing the disparate memories of different economic indicators into a single series, subjective measures also ameliorate issues with selecting lag specification in time series models (Bellucci and Lewis-Beck 2011).

[8] Data sources are as follows. Argentina: Índice de Confianza del Consumidor (ICC), Centro de Investigación en Finanzas, Universidad Torcuato di Tella. The index also includes a question about current business conditions which, though not part of Michigan's ICS, commonly appears in consumer confidence indices. Bolivia: Índice CAINCO de Confianza del Consumidor, Equipos MORI Consultores Asociados and ICC, Observatorio Económico y Social, Centro de Estudios de la Realidad Económica y Social. These indices include current buying conditions questions about major household items such as appliances, houses, and cars. Chile: Índice de Percepción de la Economía, GfK Adimark. Costa Rica: ICC, Escuela de Estadística de la Universidad de Costa Rica. El Salvador: ICC, Fundación Salvadoreña para el Desarrollo Económico y Social. Uruguay: ICC, Universidad Católica de Uruguay, Programa de Opinión Pública y Confianza Económica (POPCE) and Índice Equipos de Confianza del Consumidor, Equipos Mori Consultores Asociados.

pectations) to create indices of present conditions and future expectations which are averaged into overall consumer confidence indices.[9] The dyads-ratio algorithm described above was used to combine multiple indices/series in Bolivia, Brazil, Chile, Peru, and Uruguay, and to impute values from an index measured at varying time intervals in Costa Rica.

Lastly, the models contain a pair of political variables. To account for anticipated boosts in approval during presidential "honeymoon" periods, we include a series coded 1 for quarters following elections of new executives. And as a gauge of the "competence, honesty, credibility and morality" of the government under the president's watch (Maier 2011, 3; Memoli 2011), we include a series of interventions for scandals involving the president. The measure is taken from Pérez-Liñán (2007) and updated in Carlin et al. (2015).

Analysis

With these data in hand, we estimate a series of partial adjustment autoregressive distributed lag (ADL) models which pool time series across the ten Latin American countries. Lagged dependent variables account for potential time dependence within panels and, as such, resemble fixed effects models in implying that the parameters on exogenous predictors represent within-country

[9] Bolivia: Índice de Confianza del Consumidor de Consultoría APOYO, Ipsos-Apoyo. Brazil: ICC, Instituto Brasileiro de Economia, Fundação Getúlio Vargas and INEC, Confederação Nacional da Indústria. Chile: Índice de Percepción del Consumidor, Centro de Estudio en Economía y Negocios, Universidad del Desarrollo. Colombia: ICC, Fundación para la Educación Superior y el Desarrollo; Mexico: ICC, Banco de Información Económica, Instituto Nacional de Estadística y Geografía. Peru: IAC, Michelsen Consulting and Índice de Confianza del Consumidor de Consultoría APOYO, Ipsos-Apoyo.

effects (Beck and Katz 2011).[10] Indeed, an ADL model found no direct short-run effects of lagged exogenous variables on executive approval. Panel-corrected standard errors address heteroskedastic and contemporaneously correlated disturbances induced by the panel structure of the data. Panel-specific AR1 terms permit inter-panel differences in the dynamic processes (Williams and Whitten 2011). Unit root tests for heterogeneous panels reveal no indication of non-stationarity (Im *et al.* 2003) and thus suggest an autoregressive model is appropriate.

Table 2 reports the results of four models. Model 1 is a baseline specification of economic, political, and policy reform regressors. The results strongly suggest that political events and the economy matter. Presidents can expect an average bump of over five percentage points on their *Honeymoon* and a *Scandal* to cost them between three and four points. More germane to our study, the positive and statistically significant coefficient on *Consumer Confidence* implies that, ceteris paribus, as publics gain confidence in the economy they rate their presidents higher. With respect to the orientation of policy reform strategies, neither our *Neoliberalism* nor *Statism* index bears directly on the president's standing with the public. This is consistent with our argument that the mass political consequences of reforms are realized not directly but through the accountability linkage; that is, by conditioning the relationship between economic performance and pop-

[10] Regarding cross-unit heterogeneity, research on time-series cross-section models cautions against including fixed effects in models with lagged dependent variables, particularly in cases such as ours, where some series are shorter than others (Nickell 1981; Plümper and Troeger 2007). Regarding dynamics, the first lag of the dependent variable sufficiently accounts for the autoregressive properties of the series. Models estimated with an additional lag of the dependent variable are substantively identical, and the coefficient on the additional lag is insignificant, indicating that estimates reported in Table 3 are unbiased by residual serial correlation.

ular evaluations of the political executive. The remaining models in Table 3 test this argument explicitly.

<Table 2 about here>

Model 2's specification captures our contingent expectations by interacting our indicator of economic performance with both economic policy strategies indices. As expected, the parameter estimate on *Consumer Confidence* loses statistical significance since its effect on approval is conditioned by policy regime, as indicated by the positive coefficient on *Consumer Confidence* × *Neoliberalism*. In line with our predictions, neoliberal policies appear to amplify economic accountability. The corresponding coefficient for *Consumer Confidence* × *Statism* is, however, statistically insignificant.

Before illustrating the substantive effects of interest, we first address a possible concern of endogeneity. Subjective economic assessments may influence approval, but approval may also shape aggregate economic assessments.[11] While our interactive specification helps mitigate this concern, we nonetheless assess whether endogeneity is biasing Model 2's results by exogenizing *Consumer Confidence*. To do so, we first create an instrument by regressing *Consumer Confidence* on a set of exogenous variables: GDP growth, unemployment, and inflation.[12] Next we run

[11] Concerns about endogeneity in economic voting models have recently received much attention (e.g., Evans and Andersen 2006; Evans and Pickup 2010; Lewis-Beck et al. 2008).

[12] In order to capture lagged effects, we include a year's worth of lags in these regressions. The series for growth and inflation are available at quarterly intervals from Economic Commission for Latin America and the Caribbean (CEPAL) and the International Monetary Fund's *International Financial Statistics*, respectively. Unemployment is taken from CEPAL but is available annually only. The merge this series with the quarterly data using the formula $\rho = \left[\rho(t-1) *\right.$

separate models for each of the ten countries in our analysis to allow for different within-country dynamics. Then we substitute the fitted values from these equations as our instrument for *Consumer Confidence* and report the results in Table 2 Models 3 and 4. The estimates on the interactions between *Consumer Confidence* with the economic policy orientations in Model 4 differ little from those reported in Model 2, suggesting that bias is not unduly affecting our results.

Since the models in Table 2 are both dynamic and interactive, it is essential to go beyond parameter estimates to gauge the effects of predictors on *Approval*. We do so in three complementary ways. First, Figure 2 traces predicted changes in the (short-term) effects of a one-unit increase in a given economic indicator on presidential approval across the observed values of our *Neoliberalism* index. It shows that economic sentiment has no discernible impact on approval at low values on the *Neoliberalism* but it does at higher values. For reference, the cut-off point for significance is roughly the level of *Neoliberalism* exhibited by [COUNTRY] in [YEAR] and [COUNTRY] in [YEAR]. This is fully consistent with our claim that as leaders "go neoliberal," the public holds them more accountable for the economy.

<Figure 2 about here>

Of course policy regimes are multifaceted, piecemeal, and can change (or not) in numerous ways. Steps towards state privatization may coincide with new labor protections without trade reforms even on the table, and so on. To examine whether these distinct policy levers condition the link between the economy and presidential approval in different ways we re-estimate our interactive model (Table 2 Model 2) but replace the *Neoliberalism* and *Statism* factor scores with the elements used to create them: sub-indices of trade reform, financial reform, tax reform, pri-

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$\frac{4-\sigma(t)}{4}\Big] + [\rho(t) * \left(\frac{\sigma(t)}{4}\right)]$ where ρ is the annual unemployment rate, σ the quarter of interest, and t the year of interest (Palmer and Whitten 1999).

vatization, and labor form, and government consumption as a share of GDP (model results reported in Appendix Table A1). Horizontal axes display reforms over their in-sample values and vertical axes report the (short-term) conditional coefficients.

Even analyzed in isolation, most of these reform areas influence the degree of economic accountability. Liberalizing tariff regimes, de-regulating the banking sector, and privatizing infrastructure projects all bolster the expected influence of the economy on approval. Greater government consumption, by contrast, mitigates the expected "economic voting" relationship. The economy's effects are constant at all values of worker welfare. These disaggregated analyses are confirmatory and, thus, provide additional support our basic argument. While these results show how reforms' effects differ, their interrelationships underline the appropriateness of analyzing reforms in terms of the broad strategies described above. In sum, neoliberalism strengthens the president's accountability for the economy but statist policies, if anything, weaken it.

<Figure 3 here>

As discussed from the outset, presidents may adopt heterodox policy regimes that at once borrow from statism and neoliberalism. To examine the effects heterodoxy for political accountability, we jointly manipulate values of *Neoliberalism* and *Statism* in Model 2 (Table 2) and observe the marginal coefficients associated with a unit change in *Consumer Confidence*. Since our economic policy orientation factor scores range approximately from -2.5 to +2.5 (see Figure 1), we identify an "orthodox" regime as one in which the *Neoliberalism* scale is set to +2 and the *Statism* index is at -2. For a "statist" regime we set *Neoliberalism* to -2 and *Statism* to +2. We approximate a heterodox regime, containing neoliberal and statist elements, by setting both reform indices to +2. Simulating a ten unit increase in subjective economic evaluations produces a contemporaneous increase in *Approval* of 1.9 points under an "orthodox" policy regime, a (non-

statistically significant) increase of 0.95 points with a "heterodox" regime, and a decrease of 1.75 points under a pure "statist" policy orientation.[13] Thus, when presidents govern with a heavy dose of neoliberalism, subjective economic assessments positively influence their public standing. But when leaders choose the statism, and eschew totally neoliberal policies, a strong economy does not translate into greater approval. In fact, the economy's effects are reversed—but we hasten to note that these simulations are counterfactual as no country-year in our data set scores as low as -2 on *Neoliberalism* and very few score +2 or higher on *Statism*.

Another way to make sense of our statistical results is to assess model dynamics. Until now, we have focused only on contemporaneous effects of the economy on approval, ignoring the long-term effects. Without examining both we cannot fully appreciate the relationships under study. What are the overall long-term effects of the economy and policy reforms on presidential approval?[14] The long-run multiplier depicts the full effect of a change in an exogenous variable through all subsequent quarters in the series. In Figure 3, we gauge the over-time joint effects of our measures of interest by simulating the effects of different starting values of consumer confidence and policy regimes on the predicted levels of presidential approval across different policy regimes.[15] These scenarios are produced with estimates from Table 2 Model 2, and setting values for *Neoliberalism* and *Statism* in different combinations of +2 and -2, as described above, to

[13] The conditional coefficients from the interactive specification are 0.15 for "orthodoxy," -0.17 for "statism," and 0.12 for "heterodoxy." All are statistically significant $p < 0.10$.

[14] In a Koyck model, the long-term effects of a one-unit increase in an independent variable is given by $\hat{\beta}/(1-\hat{\alpha})$ where $\widehat{\beta}$ is the parameter estimate of the exogenous regressor and $\hat{\alpha}$ is the estimate for the lagged dependent variable. For more, see De Boef and Keele (2008).

[15] The simulations are performed by using Williams and Whitten's (2011) dynsim commands.

classify the policy regimes as "orthodox," "statist," or "heterodox." All other variables are held constant at their means or modes for continuous and dichotomous variables, respectively.

<Figure 4 about here>

Displays in Figure 4 show the diverging effects of a shock to *Consumer Confidence* on approval under different policy regimes.[16] Beginning with presidential approval set at 40%, Figure 3A simulates the path of approval ratings when *Consumer Confidence* is high, conceived here as equal to the 75th percentile of in-sample values. Under an orthodox policy regime, such an increase in subjective economic assessments is predicted to raise the president's approval ratings from 40% to around 60% after one year (four quarters), all else equal. Yet a heterodox mix only slightly dampens this positive long-run impact. However, under a statist strategy a positive shock to subjective assessments of the economy has a much weaker and even slightly negative influence on presidential popularity consistent with the negative though insignificant coefficients on the interaction between *Consumer Confidence* and *Statism* in Table 2. Statism, it would appear, removes economic performance considerations from mass assessments of political leaders.

Whereas Figure 3's forecasts are based on prototypical policy strategies, we can also use parameter estimates to approximate scenarios corresponding to the actual orientations of policy regimes pursued at specific times and places. To illustrate, in each of four countries – Argentina, Brazil, Chile, and Peru – we select a pair of years which correspond to distinct policy regimes which we briefly describe below.[17] We plot these country-years in Figure 5 according to their

[16] In all cases, these simulations show it takes approximately three years (12 quarters) for most of the economic subjections' effect to translate into approval ratings.

[17] Note that employing such techniques at times implies drawing inferences to periods lying outside of our data sample.

locations on *Neoliberalism* (x-axis) and *Statism* (y-axis), and connect them with arrows to indicate how orientations have shifted between the two time points. Then, in Figure 6, we again employ Table 2 Model 2 estimates to observe how these distinct regimes condition the effects of consumer confidence on approval.

<Figures 5 and 6 about here>

The graph in the upper-left quadrant depicts the predicted effects of the economy on approval for the actual mix of policies pursued in Argentina in 1989, before Carlos Menem launched his neoliberal project, and in 2000 at the apex of neoliberalism under Fernando de la Rúa. What were the consequences of Menem's reforms for economic accountability? In 1989, when the economy was still relatively closed but with some heterodox features, our model predicts a shock to *Consumer Confidence* has no perceptible effect on presidential popularity. However, in 2000, after ten years of Menem's neoliberal policies accompanied and greater state spending, we observe a strong positive influence of the economics on politics.

For Brazil, we compare the policies steering the political economy in 1994 and in 2009. The former represents the fairly statist policy mix in place before Fernando Henrique Cardoso's tenure. As we saw in Figure 1, after 1994 Brazil drifted steadily in a more neoliberal direction as Cardoso embraced free markets alongside robust government spending. This heterodox drift continued after Luiz Inácio "Lula" da Silva was elected in 2006 and reflects the former leftist's embrace of market discipline (Kaplan 2013, 246-48). According to our model predictions, the consequence of this policy drift for economic accountability, shown in the upper-right graph, is a tighter positive connection between economic evaluations and political ones.

In the lower-left graph we draw on policies from Chile in 1991 and 2009. Shortly after the reinstatement of democracy, the structural orientation of the Chilean economy began to transition

from a somewhat shapeless policy mix towards an orthodox neoliberal model. Eventually Presidents Lagos and Bachelet introduced a series of heterodox elements. These policy changes, according to our simulations, activated the importance of the economy in the public's mind and rewarded presidents' economic performance to a far greater extent in 2009 than in 2001.

Lastly, the graph in the bottom-right corner charts the effects of economic evaluations on approval informed by policy orientations from in Peru in 1988 and 1999. In terms of our indices, the Peruvian political economy in 1988 was highly statist in orientation. As is well known, the economy's abysmal performance during this period strained the political system. After winning the 1990 election, President Alberto Fujimori initiated a series of reforms to loosen price controls, reduce government subsidies and employment, and lift restrictions on investment, imports, and capital flows. The economic effects of this policy shift are well-known (e.g., Arce 2005); our evidence indicates that the political consequences of "Fujishock" were to tighten the link between economic sentiment and presidential approval.

Exploring the Mechanism: Policy Strategies and the Public Salience of the Economy

The theoretical argument introduced above posits a two-step process linking macro-economic policy regimes to how mass publics hold leaders accountability for economic outcomes. The first step is to affect the salience of the economy in the citizens' minds. Policies designed to strengthen connections between market fundamentals and citizen well-being should increase the importance of the economy as a gauge of policymaker performance. Contrariwise, policies that buffer social well-being form the market should diminish the extent to which publics use economic conditions to inform evaluations of their leaders. Although we cannot isolate voter motivations, by modeling public opinion on citizens' perceptions of the most important problem fac-

ing their country we judge how tight the presumed connections between macro-structural policy regimes and mass publics are.

To do so we replicate Singer's (2013a) model of economic issue salience in Latin America and test the effects of policy regime orientations. Specifically, using Latinobarometer survey data from 1997 to 2009, we calculate the percentage of respondents who identify an economic concern – prices, salaries, unemployment, jobs, and general economic performance – as "most important." Then we regress this variable on the *Neoliberalism* and *Statism* indices described above. Like Singer (2013a, 176), we adjust for autocorrelation in the data with Prais-Winsten regression, calculate panel-corrected standard errors, and control for inflation, growth, the percentage of respondents claiming they or a family member had been a crime victim in the last year, and a time trend.

Table 3 reports the results. The first column replicates Singer's findings, and implies publics are more likely to view economic issues as salient when per capita growth rates are low, when crime rates are low, and when inflation is low.[18] The second model adds the economic policy orientations, *Neoliberalism* and *Statism*, with expectation that the salience of economic issues should increase with the former and decrease with the latter. *Statism's* significant negative estimate is in line with this expectation: the more statist the economic policy regime trends, the less important economic issues are among Latin American publics. While properly signed, *Neoliberalism*'s effect is insignificant. This result could reflect the economy's nearly perpetual importance (Wlezien 2005) and, indeed, kernel density functions in the appendix suggest it is quite skewed in these data. In sum, the orientations of economic policy regimes appear to influence

[18] The inflation effect, while perhaps counterintuitive, is consistent with Singer's (2013) results.

how publics think about the economy. A dampening effect on economic concerns is particularly pronounced as policy regimes adopt take on a more statist-interventionist hue.

<Table 3 here>

Conclusion

As the pendulum swung from ISI statism to neoliberal orthodoxy, development stalled throughout Latin America, leading observers to dub the 1980s the region's "lost decade. The democracy that accompanied economic liberalization in much of the region seemed incapable of responding to citizen demands. Indeed many questioned whether neoliberalism was antithetical to the democratic ideals of responsiveness and accountability in Latin America (O'Donnell 1994; Stokes 2001; Weyland 2004; but see Baker 2009; Domínguez 1998). Famously, after advocating for social and political reforms to enhance government responsiveness and accountability in neoliberal economies, a dejected Atilio Borón (1996) wryly noted, "There are no terms in Spanish or Portuguese that correspond to either 'responsiveness' or 'accountability'" (13). Even after leaders throughout the region had embraced some of these very reforms, Noam Chomsky (2008) still declared, "The very design of neoliberal principles is a direct attack on democracy" (47). Bold statements by influential voices grab our attention. Yet as intriguing as such assessments are, the implications of distinct economic strategies for mass politics and accountability have remained unclear.

Our study moves beyond broad commentary on neoliberalism's relationship to democracy to evaluate accountability for the economy under different policy regimes—orthodox neoliberalism, statism, and heterodox strategies—across ten Latin American countries. It brings carefully constructed measures of neoliberal and statist economic policy orientations, region-wide public opinion data on issue concerns, and novel quarterly time series of presidential approval and con-

sumer sentiment to bear on this question. The analyses tested the notion that economic strategies influence economic accountability in two interrelated steps. We reasoned first that policies designed to strengthen (weaken) the links between the market and citizen well-being should heighten (lower) the salience of the economy the public's evaluation of leaders' performance; Second, we argued the public should increasingly (decreasingly) hold leaders to accounts as economy policy takes on a more neoliberal (statist) orientation. The analyses and simulations presented here, in reverse order, uncover much evidence in support of this theoretical framework.

Beyond this theoretical contribution, our findings casts the debate on accountability and responsiveness over Latin America's dual transitions to markets and democracy in a new light. They unequivocally suggest neoliberalism and accountability can and do coexist. Rather than stamping out accountability, neoliberalism fosters it. And relatively higher levels of market exposure brought on by neoliberal policies during the 1980s and 1990s may explain why economic voting appears stronger in Latin America than in the more established Western democracies (Gélineau and Singer 2015; see also Hellwig 2010; Roberts 2008). So neoliberalism is by no means a tool for removing politics from economics. In fact, under neoliberalism, economics and politics are ever more tightly bound. And while some have advocated interventionist approaches as a more reliable path to long-term development and equality (e.g., Huber and Stephens 2012), statist strategies appear to be at odds with accountability, at least accountability for the economy. But to the extent that state intervention can be said to respond or represent voters' interests, it puts the democratic ideals of responsiveness and accountability in tension. Economic strategies that meld neoliberal and statist elements appear to strike a balance, not only regarding the structure of the economy but also normatively vis-à-vis this apparent responsiveness-accountability tradeoff.

These findings provide a new lens with which to view the political volatility over Latin America's Third Wave of Democracy (Huntington 1990). According Pérez-Liñán (2007), the post-Cold War period witnessed a new form of political instability: in times of crisis, elites and masses throughout Latin America found ways to oust incumbents without toppling the regime. Of course, the adoption of Washington Consensus policies, including several cases of what Jeffery Sachs called "shock therapy," helped foment most such crises, as did conditionality requirements levied by international financial institutions. Such rapid changes in average citizens' market exposure and the short-run dislocations many experienced, is consistent with a kind of hyper-accountability (Pérez-Liñán 2007; see also Roberts 2008).

Our findings also dovetail with the surprising popularity of free markets in Latin America (Baker 2009), particularly evidence that voters gave Latin America's New Left presidents a "performance mandate" to improve how markets function rather than replace them wholesale as more ideologically motivated arguments would suggest (Baker and Greene 2011). When in office, these presidents insulated themselves from hyper-accountability by adding industrial and social policies that buffered citizens from the market. The result appears to be a new, more stable equilibrium. In the decade since mass protests forced Bolivian president, Carlos Mesa, from office, the only presidents who failed to finish their terms either died in office (Venezuela's Hugo Chávez) or were removed institutionally (Honduras's Manuel Zelaya and Paraguay's Fernando Lugo) without mass protests. This track record is all the more impressive given the inauspicious global economic conditions caused by the Great Recession, and may explain the New Left's electoral strength and resilience.

Finally, this study carries lessons beyond the Latin American experience and contributes to a more general understanding of how accountability for the economy works. Reward-punishment

models of economic voting assume that voters observe poor conditions, associate these conditions with the government's policy, and render judgment on their leaders on this basis. The threat of removal from office, the argument goes, provides even the most self-centered of elites incentives to pursue welfare-enhancing policies to grow the economy. Recent research, however, questions this assumption. The economy's salience in the minds of the electorate is not constant but varies according to circumstance (Singer 2011). And a growing number of studies highlight how elites manipulate the messages voters receive about the economy or shift their policies to modify the role economics plays in elections (Hart 2013; Hellwig 2012; Williams 2015). Following on these insights, our study suggests that the choice of policy regime for economic development can play a role both in the salience of economic conditions and in the extent to which these conditions are tied to policymaker decisions. Yet where previous explanations largely cast leaders as victims of circumstance, restructuring the economy according to orthodox neoliberal principles—or, alternatively, statist ones—requires deliberate executive action. The upshot is that leaders can, and may seek to, manipulate their own accountability. Findings presented here should thus encourage scholars to examine how reform options, economic duress, and political ambition weigh on the behavior of current and aspiring politicians.

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Table 1. Principal Components Analysis of Liberalizing Reforms and the Size of the Public Sector, 1985-2009

	First Factor "Neoliberalism"	Second Factor "Statism"
Trade Policy Reform	**0.798**	-0.177
Financial Reform	**0.892**	-0.048
Privatization	**0.792**	0.165
Worker Welfare	-0.177	**0.732**
Government Consumption	0.251	**0.713**
Proportion variance explained	0.43	0.23

Notes: Cells report principal components factor loadings (varimax rotation) with 424 observations.

Table 2. Presidential Approval, the Economy, and Policy Reforms, Parameter Estimates

	Model 1	Model 2	Model 3	Model 4
Approval lagged	0.851**	0.844**	0.858**	0.855**
	(0.030)	(0.030)	(0.030)	(0.029)
Consumer Confidence	0.033**	0.006		
	(0.013)	(0.032)		
Consumer Confidence Instrument			0.018	-0.015
			(0.013)	(0.027)
Honeymoon	9.281**	9.235**	9.298**	9.283**
	(1.881)	(1.875)	(1.895)	(1.892)
Scandal	-3.461*	-3.601*	-3.319*	-3.477*
	(1.650)	(1.616)	(1.655)	(1.623)
Neoliberalism	-0.163	-3.673	-0.255	-3.415
	(0.625)	(1.976)	(0.632)	(2.053)
Statism	0.246	2.302	0.085	0.856
	(0.533)	(2.083)	(0.536)	(0.030)
Consumer Confidence × Neoliberalism		0.068*		
		(0.028)		
Consumer Confidence × Statism		-0.023		
		(0.021)		
Consumer Confidence Instrument × Neoliberalism				0.058*
				(0.029)
Consumer Confidence Instrument × Statism				-0.008
				(0.017)
Constant	7.081**	7.729**	7.869**	9.357**
	(2.179)	(2.250)	(2.245)	(3.007)
N	363	363	363	363
R^2	0.885	0.892	0.883	0.887

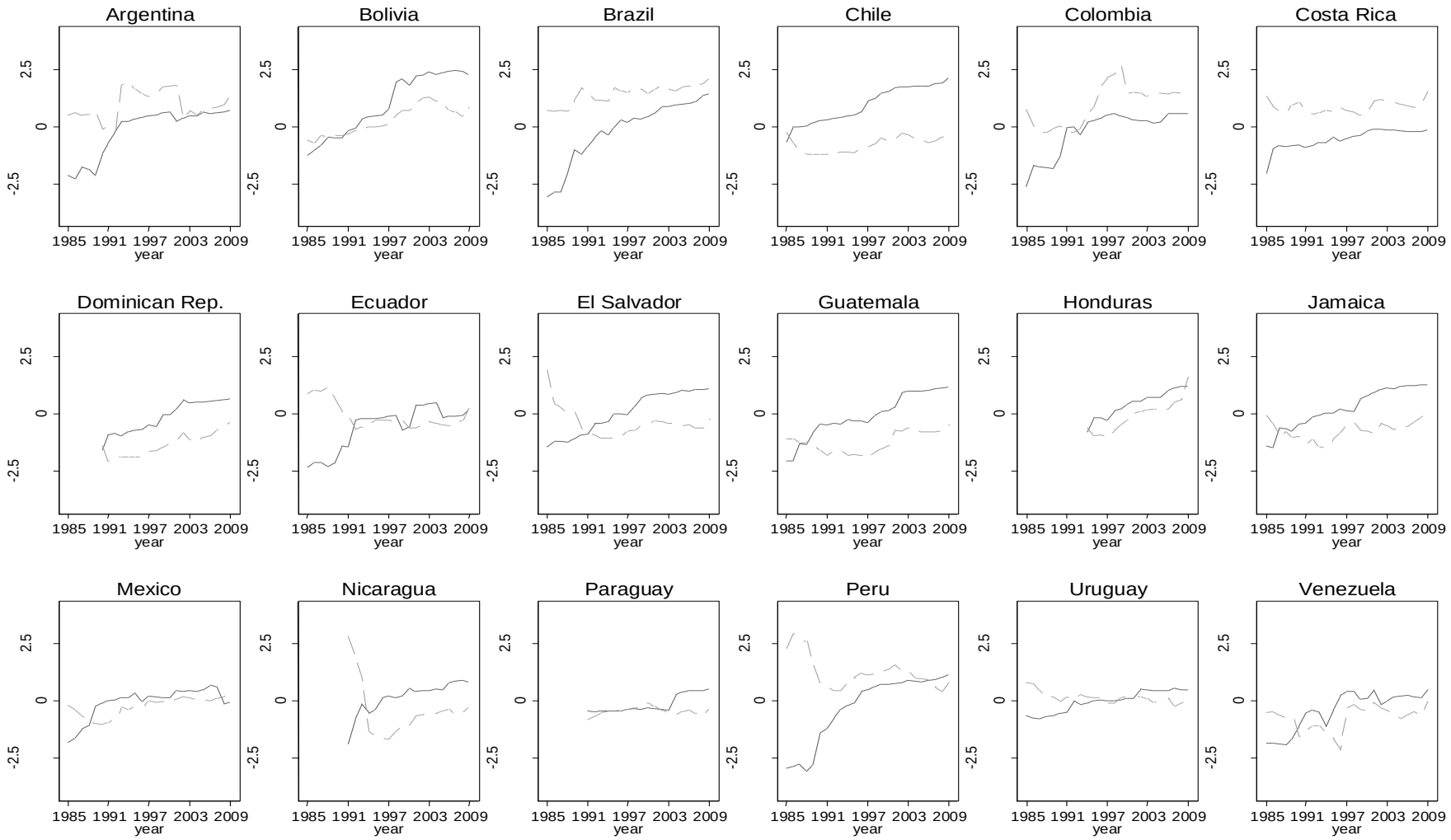
Notes: Cells report parameter estimates with panel-corrected standard errors in parentheses. Standard errors are adjusted for panel-specific AR1 processes.
** $p \leq 0.01$, * $p \leq 0.05$, two tailed test.

Table 3. Policy Orientations and Importance of Economic Issues in Public Opinion, Latin America 1997-2009

	Model 1	Model 2	Model 3
Per Capita GDP Growth	-0.006**	-0.007**	-0.008**
	(0.002)	(0.002)	(0.002)
Inflation Rate	-0.002*	-0.003*	-0.001
	(0.001)	(0.001)	(0.001)
Crime Victim in Past Year	-0.205*	-0.201*	-0.209*
	(0.094)	(0.094)	(0.098)
Year	-0.006	-0.005	-0.005
	(0.004)	(0.004)	(0.004)
Neoliberalism		0.004	
		(0.008)	
Statism		-0.023**	
		(0.009)	
Trade Reforms			0.090
			(0.337)
Financial Market Reforms			0.166*
			(0.087)
Privatization			0.007
			(0.074)
Worker Welfare			0.283*
			(0.111)
Government Consumption			-1.720**
			(0.369)
Constant	0.680**	0.683**	0.683**
	(0.053)	(0.053)	(0.052)
Rho	0.526	0.524	0.523
N	176	176	176
R^2	0.46	0.47	0.47

Notes: The dependent variable is the percent of respondents in a country-year survey who name an economic issue as the most important problem facing their country. Cells report parameter estimates from Prais-Winsten regressions with panel-corrected standard errors in parentheses. Standard errors are adjusted for AR1 processes. Countries included: Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Mexico, Paraguay, Peru, Uruguay, and Venezuela.
** $p \leq 0.01$, * $p \leq 0.05$, two tailed test.

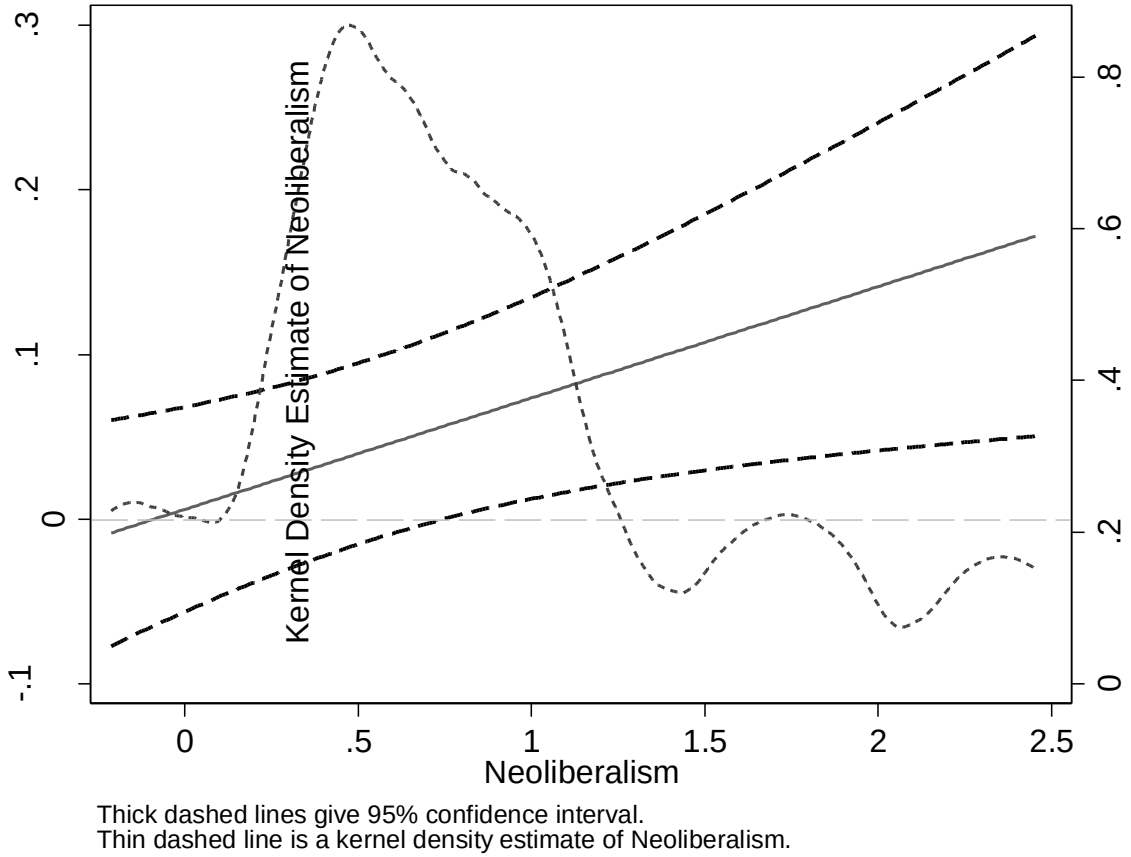
Figure 1. Neoliberal and Statist Economic Policy Strategies in 18 Latin American and Caribbean Countries, 1985-2009



Solid Line: Neoliberalism, Dashed Line: Statism

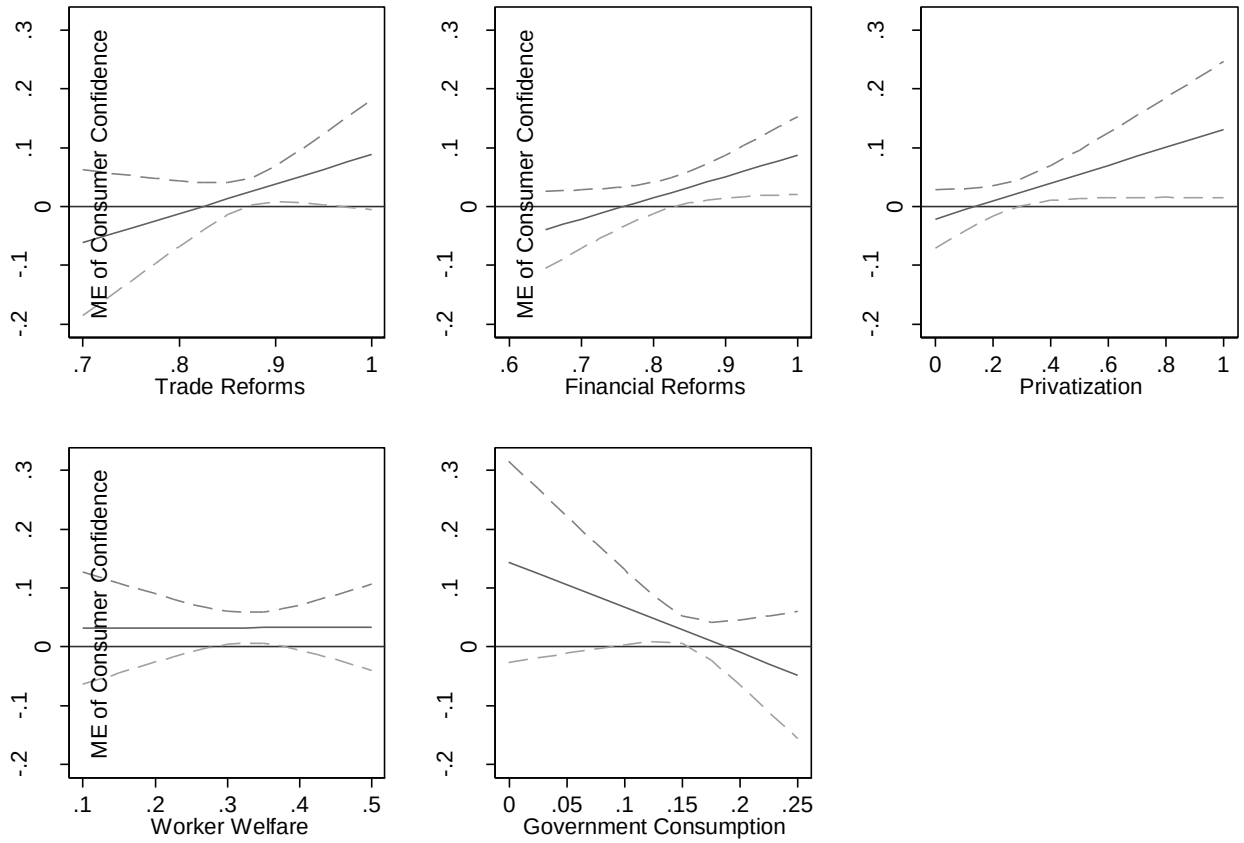
Source: Authors' calculations from Lora (2012) and World Development Indicators

Figure 2. Conditional Effects of Economic Policy Orientations and Consumer Confidence on Presidential Approval



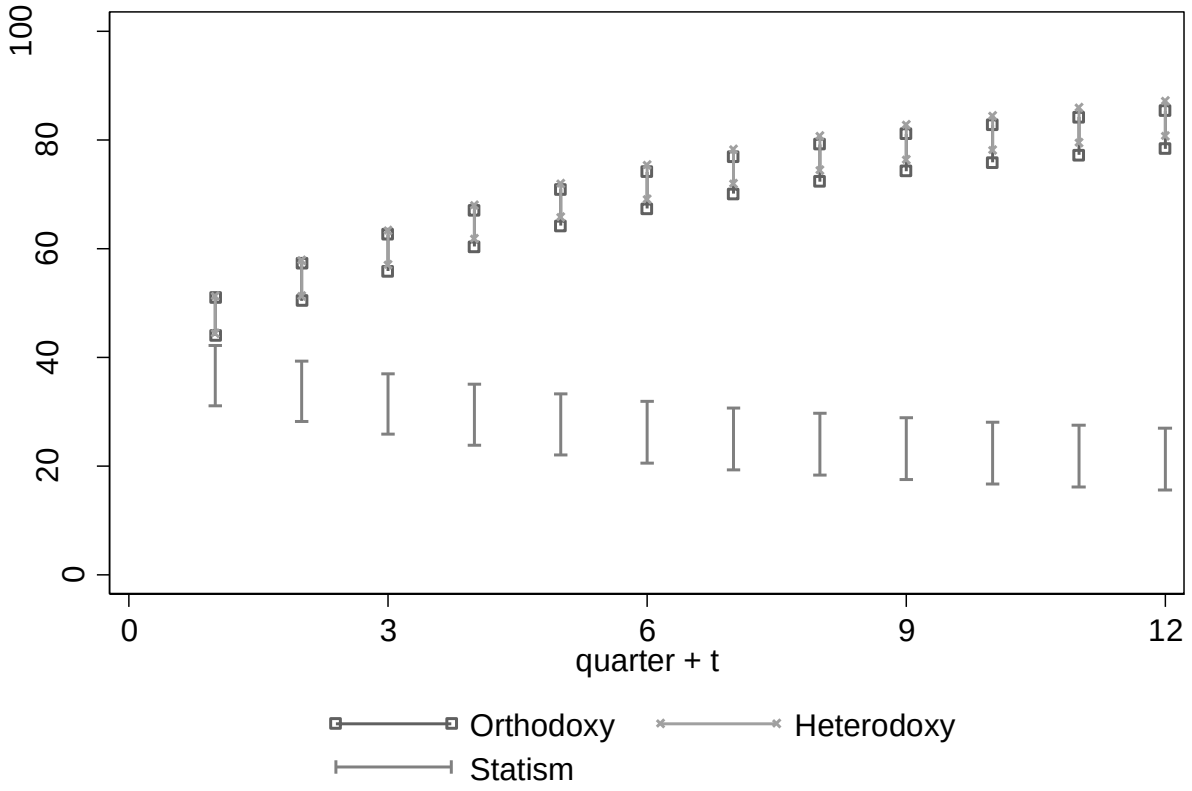
Notes: Marginal effects of a one-unit increase in *Consumer Confidence* on *Approval* over the range of the neoliberalism policy regime index; estimates from Table 2 Model 2.

Figure 3. Estimated Conditional Effects of Policy Reforms and Consumer Confidence on Presidential Approval, Disaggregated Measures



Notes: Graphs display the marginal effect of a one-unit increase in *Consumer Confidence* on *Approval* as the conditioning factor (reform indicator or government consumption) ranges across its in-sample values. Displays are produced using model estimates reported in Table A1 in the Appendix.

Figure 4. Long-Run Effects of a Positive Shock to Consumer Confidence on Presidential Approval in Three Policy Regimes



Notes: The graph is produced using estimates from Table 2 Model 2. It charts the effect of a positive shock to *Consumer Confidence*, equal to its 75th percentile value, on *Approval*. "High" values on the Neoliberalism index is calculated by setting it to +2; "Medium" values are produced by setting the Neoliberalism index to 0. "Low" values for are produced by setting the index to -2. Vertical bars represent 95% confidence intervals.

Figure 5. Statist and Neoliberal Policy Regime Orientations of Selected Country-Years

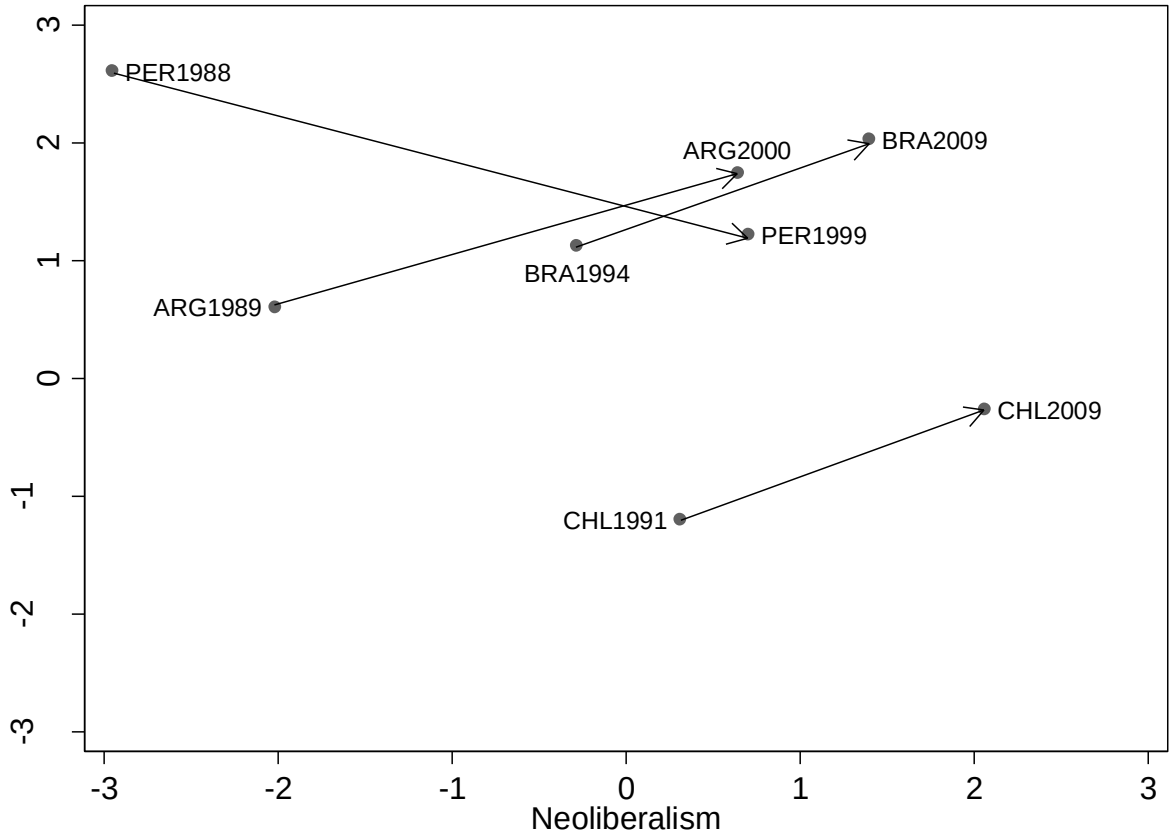
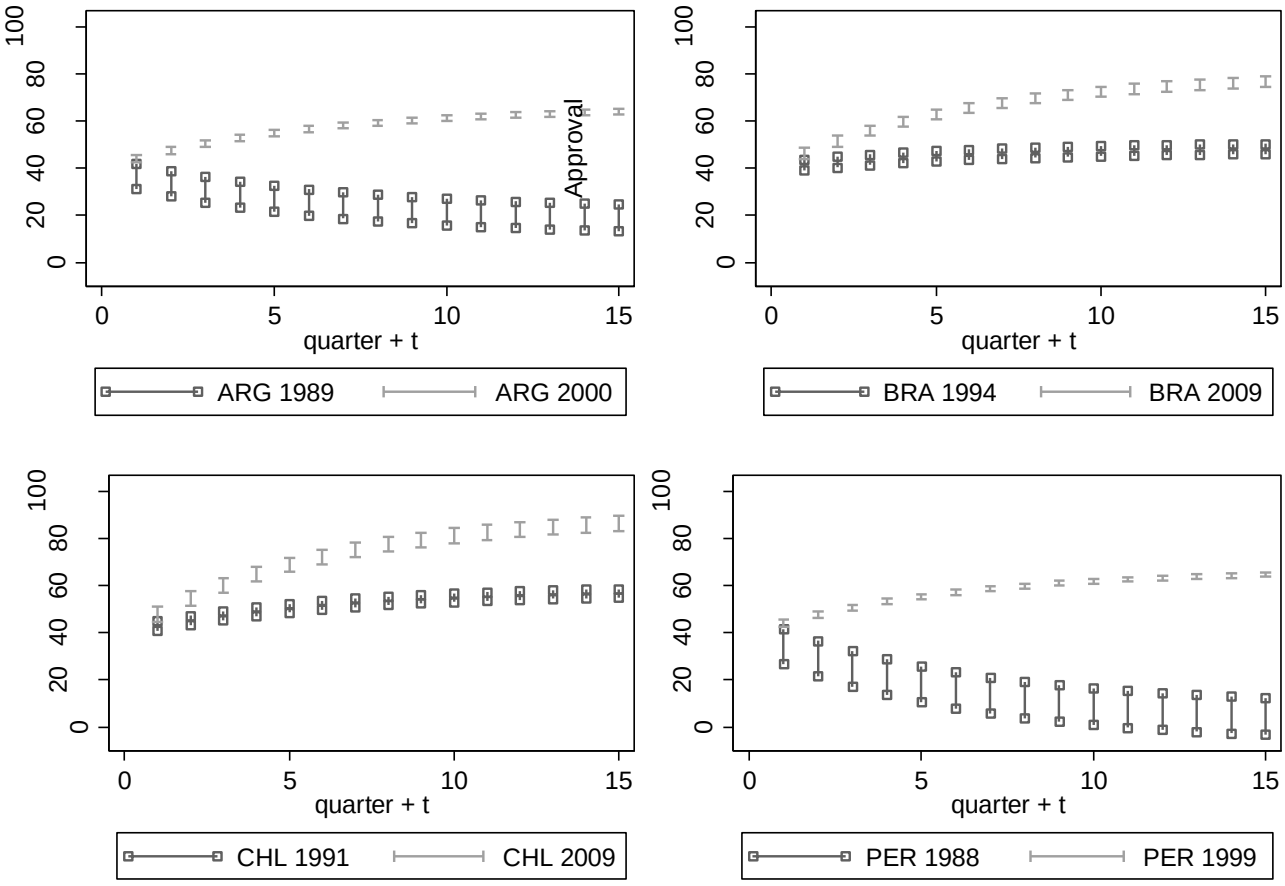


Figure 6. Effects of a Positive Shock to Consumer Confidence on Presidential Approval: Counterfactuals from select policy regimes from Argentina, Brazil, Chile, and Peru



Note: Graphs are produced using estimates from Table 3 Model 2. Vertical bars represent 95% confidence intervals.

Appendix

Figure A1. Density Estimates of Neoliberal and Statist Economic Policy Orientations

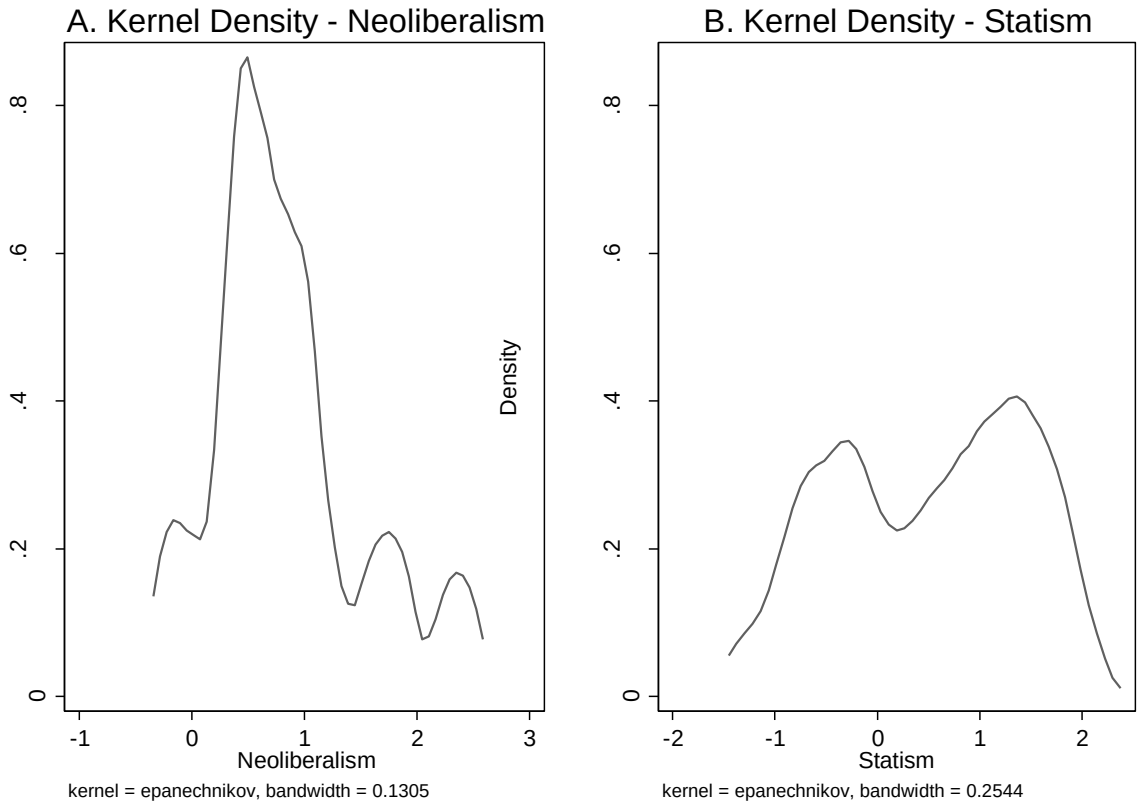


Table A1. Presidential Approval, the Economy, and Policy Reforms Separated by Type

	Model 1	Model 2	Model 3	Model 4	Model 5
Approval lagged	0.845**	0.845**	0.851**	0.851**	0.844**
	(0.030)	(0.029)	(0.030)	(0.031)	(0.032)
Consumer Confidence (CC)	-0.413	-0.275^{+}	-0.021	0.031	0.144^{+}
	(0.317)	(0.147)	(0.025)	(0.069)	(0.087)
Honeymoon	9.436**	9.107**	9.341**	9.241**	9.215**
	(1.875)	(1.872)	(1.872)	(1.886)	(1.884)
Scandal	-3.400*	-3.719*	-3.346*	-3.279*	-3.405*
	(1.668)	(1.623)	(1.613)	(1.640)	(1.637)
Trade Reform	-51.246				
	(32.650)				
CC × Trade Reforms	0.501				
	(0.363)				
Financial Market Reforms		-23.471			
		(16.199)			
CC × Fin. Mkt. Reforms		0.362*			
		(0.178)			
Privatization			-9.802^{+}		
			(5.565)		
CC × Privatization			0.152*		
			(0.080)		
Worker Welfare				0.668	
				(16.414)	
CC × Worker Welfare				0.004	
				(0.205)	
Government Consumption					82.941
					(56.771)
CC × Gov. Consumption					-0.770
					(0.562)
Constant	53.041^{+}	27.082*	10.697**	6.852	-4.231
	(29.170)	(13.496)	(2.744)	(5.960)	(7.859)
N	363	363	363	363	363
R^2	0.887	0.893	0.888	0.880	0.886

** $p \leq 0.01$, * $p \leq 0.05$, + $p \leq 0.10$, two tailed test. Cells report parameter estimates with panel-corrected standard errors in parentheses. Standard errors are adjusted for panel-specific AR1 processes.