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Daniela Campello and Cesar Zucco. *The Volatility Curse: Exogenous Shocks and Representation in Resource-Rich Democracies.* Cambridge: Cambridge University Press, 2021. 240 pages. ISBN: 978-1-108-84197-5.

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What is the impact of the world economy on democratic representation? In the global wave of economic openness over the last half century, international economic conditions have influenced both domestic economic factors —growth, employment rate, and inflation— and government's policies. Without exception, both developing and developed countries are affected by globalization, but developing countries with unstable economic structures and political institutions are more susceptible to international economic shocks. In this context, Campello and Zucco (2020) delve into how the exogenous economic factors are associated with presidents' success, focusing on Latin American democracies.

The central thesis of the book is that the efficacy of economic voting for producing better representation is limited in emerging democracies which are exposed to economic volatilities derived from global economic conditions. Specifically, when voters cast an economic vote, they ascribe *both* exogenous economic conditions *and* domestic economic performance to the incumbent's competence. This is because it is difficult for voters to evaluate the presidents' responsibility on the domestic economy while discounting international economic outcomes beyond the government's control. The authors refer to this as the «volatility curse» — the incapacity to judge and compare of government's capacity on the basis of the economy.

To examine propositions derived from this theoretical puzzle, Campello and Zucco (2020) rely on commodity prices and international interest rates as key indicators of exogenous economic fluctuation. To be specific, incumbents get rewarded based on luck, not merit, amid a good world economy—high commodity prices and low international interest rates. Economic voting, thus, might be an unprofitable instrument for ensuring electoral accountability in emerged democracies with volatile economic structure derived by exogenous economic shocks and weak political institutions.

In the following session, I review how Campello and Zucco (2020) conceive of the relationship between economic volatility, citizen's capacity, and presidents' success, briefly summarizing each chapter. Since the authors develop a multi-pronged research design based on distinct indictors that show the exogenous economic fluctuation, in turn examining their hypotheses via different dependent variables, methods, and datasets in each chapter, it is worth noting the diverse strategies and implications of each chapter. In addition, by discussing each chapter, we can identify factors that should be part of the future research on economic voting in developing countries.

First, Campello and Zucco build on extant critiques that suggest economic voting as a typical tool for achieving representation has key limitations in developing countries (4). Hitherto most of theorizing about the link between economic performance and incumbent support considers four discrete dimensions: sociotropic (Kinder & Kiewiet, 1979, 1981; Lewis-Beck, 1986, 1990) or egocentric, which reflect the types of economic conditions that voters consider; and retrospective or prospective (Lewis-Beck & Paldam, 2000; Nannestad & Paldam, 1994), which deal with the temporal reference point of voters' economic evaluations, past or future. The previous studies mentioned above mainly take account of developed countries with stable domestic economic structures and robust political institutions. Some recent studies assert that economic voting in developing countries is conditioned on aspects of the political and economic contexts (Carlin et al., 2018; Singer, 2013; Singer & Carlin, 2013).

In addition to critiquing existing economic voting models, Campello and Zucco pay more attention to the quality of economic voting, emphasizing the public's capacity to evaluate presidents' competence. In chapter 2, the authors argue that economic vote is ineffective as an instrument to sanction and select the governments in developing democracies where exogenous shocks, not policymaking, play an essential role in the determinants of public welfare. Even if exogenous shocks are far more relevant to public welfare than government policies, economic voting in such contexts rewards the incumbent based on other factors at work rather than on any result of government action. Ultimately, the more volatility exogenous shocks have on voter welfare, the noisier the heuristics derived from economic outcomes become, and the less capacity voters to evaluate incumbent competency. Overall, this weakens the quality of representation.

In chapter 3, the authors test several observable implications of their theory. They begin by showing that the fluctuation of trade and net financial flows is associated with domestic economic growth (55-56), which affects citizen welfare through direct —employment rate and wages— and indirect —fiscal policies— mechanisms (53). Next, they show that the volatility of economic growth rates in Latin America was higher than that of developed democracies over the forty-year period (57-60). Lastly, they demonstrate that economic voting is not contingent on the levels of exposure to exogenous shocks. Thus, even under the conditions that world economy noise blurs the relationship between public welfare and government policy, voters in Latin American democracies cast an economic vote, taking into account domestic economic growth (65-68). Regardless of why domestic economy behaves as it does, economic growth rates remain positively related to incumbent reelection.

The authors introduce a novel measure of exogenous economic shocks, the 'good economic times' (GET) index in chapter 4. Its two indicators— commodity prices and international interest rates —are both beyond leaders' control and, thus, plausibly exogenous from any action of developing countries. The major analytic advantage of the GET index is that it allows the authors to avoiding endogeneity issues and to better establish causality between world economy and presidents' success. Furthermore, since raw materials exports play a critical role in economic structure in Latin American countries with abundant resources, the fluctuation of commodity prices and international interest rates captured by the GET index are directly associated with economic growth. That is, economic growth of many Latin-American democracies is consistent with high commodity prices and low international interest rates. In this regard, using GET index as a proxy for exogenous economic conditions to support the thesis —that fluctuation in the global economy prompts the volatility of domestic economics, which affects citizens' assessment of the incumbent— is reasonable.

However, since each country has different economic structures, commodity prices and international interest rates do have not identical effects across all Latin American economies (81). To overcome the limits derived from various economic structures by countries and verify the effects of exogenous conditions that GET captures on domestic economic growth, the authors mainly focus on 'low-saving-commodity-exports' (LSCE) countries. Countries classified as LSCE serve as commodity exporters, furthermore, receive substantial financial inflows, which bear on commodity prices (82). In order to define LSCE economies, the authors use two indicators: the share of commodity exports of the total value of exports; and yearly debt service obligations divided by the total value of exports (84).

Although it is reasonable to examine the economic structure of Latin American countries based on these two indicators, classification of LSCE economies raises doubts about the criteria. That is, the criteria upon which the countries were designated LSCE economies are ambiguous (see the shaded area of Figure 4.2, page 85). For instance, as the authors noted in the book, Paraguay was excluded from LSCE economies because commodity exports account for an absolute share of total exports, but international interest rates hardly affect the domestic economy (84). On the other hand, Brazil and Uruguay, where commodities and debt services respectively account for about 0.4 of total exports, are designated as LSCE countries (85). By further clarifying the proportion of commodities and debt service in total exports, arbitrariness in defining LSCE countries can be reduced.

Besides, Campello and Zucco tried to depart from the critiques in terms of economic transition (Carlin & Hellwig, 2020) by examining the trait that the economic structure related to the way of integration into the global economy is a long-term process (85-86). According to the authors, countries called the maquila economic model, which seek to attract foreign investment, maintained this economic structure since early democratic periods. The maquila economies have not transitioned toward LSCE economies over several decades. On the other hand, considering the variation over time indicated in Figure 4.2, some countries in LSCE economies —Brazil, Argentina, Chile, and Peru— could possibility to fall in the maquila model economies in accordance with the criteria. To designate LSCE countries as static indicator, it is necessary to consider other factors which affect economic structures or explain the criteria—a merged ratio between debt service of total exports and share of commodity exports.

On the basis of several observations and GET index, Campello and Zucco established intriguing causal relationships between the world economy and presidents' success. They argue that exogenous conditions captured by GET affect the economic outcomes of LSCE countries, which in turn affect the incumbent success. To the extent that this argument is general, it should extend beyond elections to presidential popularity. To support these claims, the authors examine hypotheses by using the GET index as the key explanatory variable in a model predicting reelection, in chapter 5, and presidential popularity, in chapter 6.

The model in chapter 5 tests the hypothesis that GET has a positive influence on the probability that the incumbent is reelected or that the candidate supported by the incumbent president is elected, controlling for the ideology of the outgoing government, reelection rules, and political risk. As a main result, they find that GET has the expected impact: electoral success was higher during periods when commodity prices were high and international interest rates were low under the opposite conditions. In chapter 6, the authors examine the proposition that presidents who govern during beneficial world economic conditions are much more popular than those in office during bad times while controlling honeymoon, lame-duck, and democratic transition periods. Their analyses revealed that, on average, GET plays a positive role in presidential popularity across LSCE economies. A closer look at the results by country shows that exogenous factors do not affect presidential popularity as anticipated in Chile and that, in Peru, short-term effects are insignificant. Authors explore these two anomalous results in short case studies.

This research design, which mainly focuses on the relationship between the total effect of GET and presidents' success, brings about some questions. First, I have doubts about the assumption on which the theory is based; «the variance of other relevant factors —among them government policies— be similar across countries (53).» According to figure 6.6 (160), the countercyclical fiscal rules of Chile successfully relieve the exogenous shock caused by boom-and-bust cycle.

Most LSCE countries, such as Chile, might have adopted policies, regulations, or laws appropriate to their economic structure to alleviate the impact of the international economy, but may not have effectively buffered the fluctuation of the world economy. Differences in the effectiveness of fiscal, redistribution, and financial policies between countries might lead to deviation in the level of the total effect of exogenous fluctuation on presidents' success. Thus, subsequent research needs to examine the role of governments' policies between the exogenous economic shock and presidents' success.

In a similar vein, I question why the authors do not take economic policies into account as another determinant of presidents' success. The government's response to international economic conditions via economic policy might be another determinant of presidents' success (Zucco & Campello, 2020, p. 804). It is questionable that a simple estimation of the impact of GET on reelection and presidential popularity would capture the influence of this factor as well. For instance, in the 1990s several Latin American countries implemented tariff-equilibrium (or export subsidization), but had widely different results due to differences in the consistency of policy implementation, government regime, and predictability of policy (Rodrik, 1995). Therefore, to examine strictly the overall effect of GET on presidents' success, it would seem necessary to control for this alternative path as an intervening factor, or to include the interaction between domestic economic volatility and economic policies derived from the fluctuation of the world economy in the analysis.

In the previous chapters, Campello and Zucco verified that exogenous economic factors beyond the governments' control influence the public's evaluation of the president. Chapter 7 explores the determinants of misattribution that occurs when citizens do not discount exogenous shocks. According to their argument, voters have little ability to access accurate information that allows them to identify exogenous shocks, thereby misattributing responsibility for domestic economic outcomes. To support the claims, the authors conducted survey experiments in Brazil and Ecuador. In both countries respondents got information about the country's relative economic performance and the impact of oil or commodities prices fluctuation. As a result, citizens' misattribution is caused by not only information access problems but also by prior knowledge and preference of presidents. In particular, sophisticated voters take into account knowledge on relative performances in previous years prior to evaluating economic performance on the basis of information (177-178). Besides, negative sentiment of Brazilian president Lula has an influence on voters' misattribution on economic performance (190).

Furthermore, in chapter 8, the authors investigated the incumbent leaders' behavior influenced by voters' misattribution. According to their tests, unlike voters, incumbent leaders are aware of the impact of exogenous conditions on domestic economic outcomes; in turn, they can predict competitiveness in the subsequent elections. Thus, the authors suggest that the high certainty of the election results might lead presidents to neglect to maximize public welfare, which could lead to increased corruption and resource wastage.

The findings in chapter 7 —evaluations of responsibility for economic outcomes pertain to the level of information access, affective judgement, and the level of political sophistication— indicate the necessity to take account of economic policies as a response to exogenous shocks in research design. This is because the factors that drive the misattribution of responsibility for economic outcomes are also related to assessing the accountability and capability of government economic policies. Besides, as argued in chapter 8, to verify whether the high certainty of election results is significantly related to public welfare or redistribution policy, the government's ideology should be considered as well.

This brief review does not contemplate all the many theoretical and methodological contributions of the book, and furthermore, the issue I have raised in this review do not unduly undermine these contributions. Clearly, Campello and Zucco have extended and enriched the study of economic voting by exploring the 'volatility curse.' The notion that unpredictable exogenous conditions grant good luck to incompetent incumbents demands more attention as economic voting studies continue to expand beyond their origins in the United States and Europe. Thanks to Campello and Zucco's creative measure of exogenous economic conditions, scholars can begin this work immediately. In all, by focusing our attention on the quality of economic voting, this book should come to play an essential role in theories of voting behavior, presidential popularity, and Latin American politics.

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