Corrigendum


In the Model Specifications section on pages 4-5, the “random-effects” and “fixed-effects” equations are incorrectly specified. The correct specifications appear here. The author apologizes for these errors.

**MODEL SPECIFICATION**

In our first set of estimates, we model generalized trust as a function of the political-institutional variables and controls by pooling the time-series of the country sample and using OLS regression (model not shown formally). We then model generalized trust using random- and fixed-effects estimation techniques. The random-effects estimation is modeled as follows:

\[ \text{GeneralizedTrust}_{i,t} = \alpha_0 + \beta_1 \text{GeneralizedTrust}_{i,t-k} + \beta_2 X_{2,i,t-k} + \ldots + \beta_z X_{z,i,t-k} + \pi_3 W_{3,i} + \ldots + \pi_z W_{z,i} + \nu_i + \varepsilon_{i,t} \]

where \( i \) represents each country and \( t \) represents each time period (with \( t = 1-6 \) waves); \( \text{GeneralizedTrust}_{i,t} \) is the generalized trust dependent variable for country \( i \) at period \( t \); \( \text{GeneralizedTrust}_{i,t-k} \) and \( X_{z,i,t-k} \) are respectively generalized trust and time-variant predictors for country \( i \) during period \( t - k \) where \( k \) is the most adjacent period to \( t \); \( W_{z,i} \) are time-invariant predictors for country \( i \); \( \beta_z \) are the coefficients for the time-variant predictors; \( \pi_z \) are the coefficients for the time-invariant predictors; \( \alpha_0 \) represents the between-country constant term, \( \nu_i \) is the time-constant error term, and \( \varepsilon_{i,t} \) is the idiosyncratic, or time-varying, error term.

Random-effects estimation techniques assume that the variation across entities is random and uncorrelated with predictors in the model. The advantage of random-effects estimation is the ability to include time-invariant regressors such as Scandinavian cultural heritage. But if \( \nu_i \) is correlated with the predictors in the model, then the random-effects estimates are biased and inconsistent. This would suggest the use of fixed-effects estimation, which is modeled as follows:

\[ \text{GeneralizedTrust}_{i,t} = \alpha_i + \beta_1 \text{GeneralizedTrust}_{i,t-k} + \beta_2 X_{2,i,t-k} + \ldots + \beta_z X_{z,i,t-k} + \varepsilon_{i,t} \]

where \( i \) represents each country and \( t \) represents each time period (with \( t = 1-6 \) waves); \( \text{GeneralizedTrust}_{i,t} \) is the generalized trust dependent variable for country \( i \) at period \( t \); \( \text{GeneralizedTrust}_{i,t-k} \) and \( X_{z,i,t-k} \) are respectively generalized trust and time-variant predictors for country \( i \) during period \( t - k \) where \( k \) is the most adjacent period to \( t \); \( \beta_z \) are the coefficients for the time-variant predictors; \( \alpha_i \) represents the country-specific constant term and \( \varepsilon_{i,t} \) is the time-varying error term.