

ABSTRACT

Much of the anticipation behind China's entry into the WTO was the implementation of Democratic reforms. Now, more than 20 years later, China has been deemed to be the WTO's demise with an overwhelming absence of Democracy. Did China's WTO entry positively impact its Democracy indices as hoped? Focusing on specific Democracy indicators, I find that after joining the WTO, China's media censorship, political liberties, and property rights indices decreased while the personal integrity index increased somewhat.

BACKGROUND

Research Question. How did China's accession into the World Trade Organization in 2001 impact some of its Democracy indicators?

Importance. Through normalizing trade relations with China, the U.S. government hoped that political liberalization, and democratization would follow suit (Guo 2008). China now considered to be far from a democracy despite growing at unprecedented rates economically? (Mavroidis and Sapir 2023).

Background. Previous scholars did not anticipate a Democratic breakthrough but expected a civil society formation thanks to increased openness, globalization and internet access.

- The New Trinity (Junning 2001)
- In accordance with WTO protocol, SOEs must be opened to private sector (Guo 2008)
 - Chinese attitudes towards capitalism will change and encourage formation of liberal Democracy (Junning 2001)

"No nation on Earth has discovered a way to import the world's goods and services while stopping foreign ideas at the border." - George W. Bush

Contribution/Hypotheses

- I expect that the media censorship index will experience the greatest decrease while property rights may increase. I do not expect significant changes in the personal integrity and Political liberties indices.

DATA AND METHODS

DATA

I used the **Varieties of Democracy dataset (V-DEM)**.

- Data provides index ratings for integral components of a Democratic system. However, there is no aggregate index for some overarching categories.
- Range of years used: 1993-2022 (30 rows)
- Using a Cronbach Alpha calculation, I verified the internal consistency of the data to sum the relevant indices into one composite index for simplicity.
- I use 4 dependent variables in the analysis:

Personal Integrity: Freedom from torture (v2cltort), Freedom from political killings (v2clskill), Freedom from forced labor for men and women (v2clslavem)(v2clslavew). $\alpha = 0.814$ (good consistency)

Political Liberties: Freedom of discussion for men and women (v2cldiscm)(v2cldiscw), Freedom of Academic and cultural expression (v2clacfree), freedom of foreign movement (v2clmove). $\alpha = 0.948$ (excellent consistency)

Media Censorship: Government censorship (v2mecenefm), Internet Censorship (v2mecenefi), Internet binary (v2mecenefibin), media criticism of government (v2mecrit), media perspective range (v2merange), journalist harassment (v2meharjm), media self-censorship (v2meslfcen), media bias (v2mebias), media corrupt (v2mecorrupt). $\alpha = 0.829$ (good consistency)

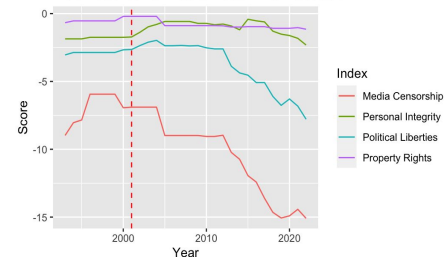
Property Rights: State ownership of economy (v2clstown). Only one index used here due to unacceptable alpha value with the inclusion of other indices.

APPROACH

- I used a before-after comparison of the mean scores for all 4 dependent variables.
- I also included a placebo test using China pre WTO accession and I split that into two sections (Early: 1993-1996 and late: 1997-2000).
 - Could only use that year range to account for internet restrictions.
- I also used a hypothesis test (Welch two Sample T-test)
- **H0: "China's accession into the WTO did not impact its Democracy index ratings"**
- **Ha: "China's accession into the WTO did impact (increase/decrease) its Democracy index ratings."**

RESULTS

Index Scores vs. Years Post WTO Accession



- Above is a simple line plot for each indicator across the years (red dotted line refers to WTO accession in 2001).
- I then performed a **before-after comparison** of the means of my variables pre (1993-2000) and post (2001-2022) WTO accession:

Personal Integrity: 0.0855
Political Liberties: 0.09475
Media Censorship: 1.51025
Property Rights: 0.116

- Media Censorship showed the most drastic decrease, followed by Political liberties. Property rights moderately decreased, and Personal integrity actually increased.

Placebo test Results:

Personal Integrity: 0.0855
Political Liberties: 0.09475
Media Censorship: 1.51025
Property Rights: 0.116

- All indicators for the placebo test are somewhat close to 0, save for media censorship which increased. Possibly due to initial widespread use of the internet.

Hypothesis test results:

Personal Integrity: $P = 5.373e-07 < 0.05$

Political Liberties: $P = 0.01918 < 0.05$

Media Censorship: $P = 4.978e-05 < 0.05$

Property Rights: $P = 0.0005499 < 0.05$

CONCLUSIONS

Many Limitations!

- All hypothesis tests proved that the results were significant and thus we reject the null hypothesis.
 - Media Censorship, followed by Political Liberties showed the greatest decreases.
 - Surprisingly, Property rights also decreased moderately and Personal Integrity increased.
- No control variables accounted for. What if other events impacted those scores?
 - Cannot draw a causal inference from this.
 - Year ranges pre and post WTO accession are vastly different in size. The post WTO accession had more than double the amount of rows than the Pre WTO subset. This may have captured more noise, unrelated to WTO accession.

Works Cited

- Junning, Liu. "The New Trinity: The Political Consequences of WTO, PNTR, and the Internet in China." *The Cato Journal*, vol. 21, no. 1, 2001, pp. 151–60.
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- Guo, Yingjie. "Domestic Openness in post-WTO China: central and local perspectives." *Journal of Contemporary China*, 17:55, 2008, 339-359, DOI: [10.1080/10670560701809569](https://doi.org/10.1080/10670560701809569)