

Democratic Backsliding & Financial Data Transparency

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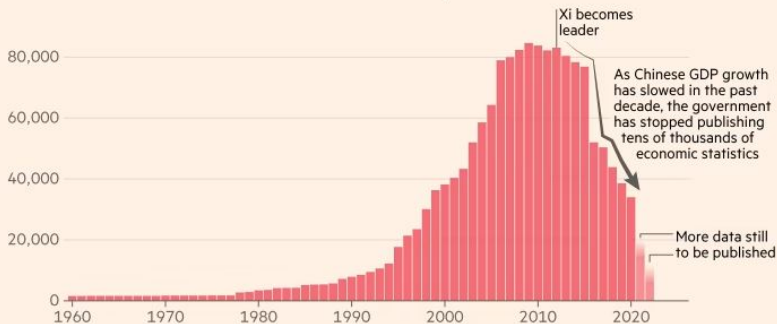
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Motivation: more autocratic → less data release?

China is becoming much less transparent about its economic performance, quietly discontinuing thousands of statistical series

Annual number of economic indicators made available by China's National Bureau of Statistics



Source: FT analysis of CEIC; Chinese National Bureau of Statistics

FT graphic: John Burn-Murdoch / @jburnmurdoch

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Why? Two not mutually exclusive, possible answers

- Financial information is **public goods**
 - indiscriminately benefits the market participants (↔ insider information)
 - an autocratizing leader is less incentivized to provide such public goods (Son and Bellinger 2022)
- Financial information is the basis of **accountability**
 - a society can punish underperforming governments
 - an autocratic (so perhaps, autocratizing) leader want to hide records to punish themselves (Gulley and Treisman 2020)
- Hypothesis: An autocratizing government has a **lower level of financial information transparency** than a non-autocratizing one does.

👍 Let's test it!


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Model Specification and Data Source

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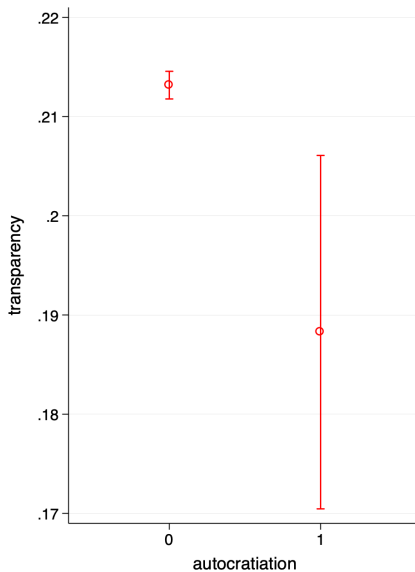
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- ↪ macroeconomic indicators + IMF SBA

Baseline and Benchmark Estimates

	(1)	(2)	(3)
	Baseline	Two LDVs	Full
autocratization	-0.035** (0.017)	-0.024** (0.009)	-0.036** (0.018)
transparency _{t-2}		-0.506** (0.047)	
transparency _{t-1}	0.982** (0.007)	1.472** (0.047)	0.983** (0.007)
Observations	1399	1338	1288
R^2	0.990	0.993	0.990
AIC	-3256.867	-3588.870	-2909.637
country-FE	✓	✓	✓
year-FE	✓	✓	✓
trend	✓	✓	✓

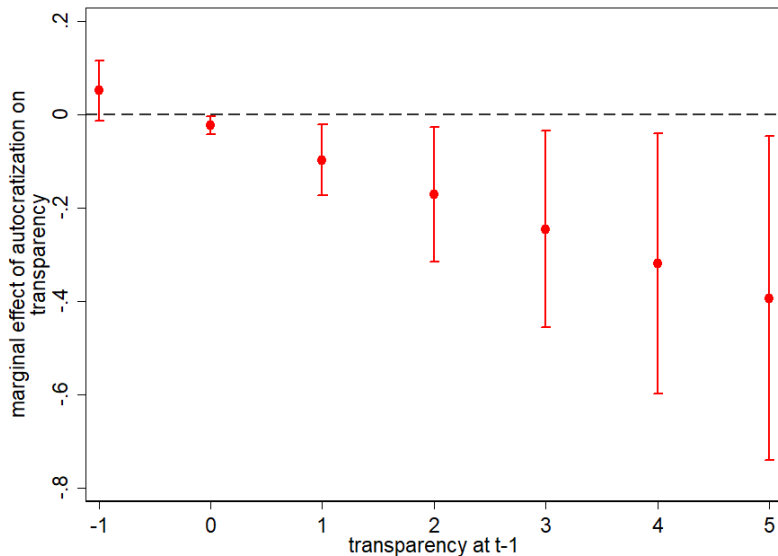
Marginal Effects



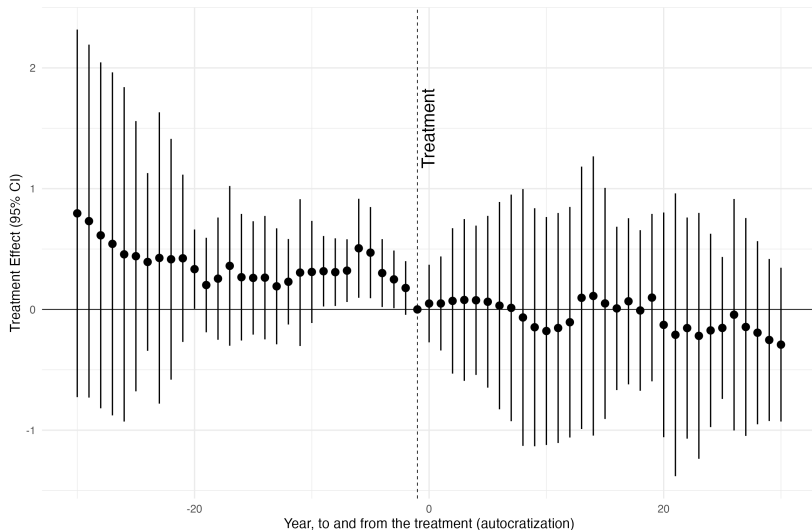
Robustness check

	(1) Democratization	(2) Interaction	(3) PCSE
autocratization	-0.034* (0.019)	-0.024* (0.012)	-0.039** (0.018)
democratization	0.015 (0.019)		
transparency _{t-1}	0.983** (0.007)	0.985** (0.006)	
autoc × transp		-0.072* (0.040)	
country-FE	✓	✓	✓
year-FE	✓	✓	✓
trend	✓	✓	✓

Conditional Effect of the LDV with 90 % CIs.



Sun-Abraham (2022) estimates using **staggered** treatment



Where to go from here

- Update the FDT index
 - ▶ The latest decade: more backsliding episodes
 - ▶ More developing countries
- Direct tests of the two mechanisms
- Alternative autocratization/backsliding measures

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