Controlling the Story: Economic Crisis and Information in Authoritarian Regimes

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Summary

The media provides key information about the economy to the public. In authoritarian regimes where media freedom is low, the public receives unreliable signals of economic performance that shift internal preferences in unpredictable ways. As a result, both severe (endogenous) and minor (exogenous) crises can precipitate revolutionary cascades.

Puzzle

Under what conditions do economic crises cause authoritarian regimes to fall? Authoritarian regimes collapse with almost the same frequency under increasing and declining economic growth and collapse during crises. However, economic crises vary in duration and intensity. Economic performance legitimacy and authoritarian bargaining theories imply that economic crisis should undermine authoritarian regimes more consistently, yet in many cases, popular support persists despite poor economic performance.2

Media & Provision of Information

For economic crisis to contribute to a decline in regime support, citizens must first receive a signal that the economy is doing poorly. In authoritarian regimes, citizens may not receive accurate information about the economy, and in turn have difficulty evaluating performance. The media provides information on economic performance that is:

- Widespread: Most media outlets cover economic issues.
- Timely: With daily and weekly coverage, the media can report on economic developments before citizens observe them directly.
- Critical: Analysts and journalists contextualize crises, debate government response, and attribute blame.

By limiting media coverage of economic crises, a regime limits citizens’ access to accurate information about the state of the economy. The public may be poorly informed or uninformed on the severity and extent of the crisis; unaware of difficult to observe impacts that are remote or non-visible; and unexposed to popular demands that the regime mitigate the crisis and its impacts. Most importantly for maintaining regime stability, poor provision of information should make attribution of blame for the crisis difficult. If the public blames the crisis on the regime—rather than an external actor or normal market fluctuations—declining support should follow.

Tipping Point

Following Kuran, information about economic performance affects an individual’s preference calculations of regime support. Negative media coverage of economic crisis could push individuals past their revolutionary threshold and lead them to oppose the regime. A revolutionary cascade may follow, if the media sends a noisy signal on economic performance, that information might be excluded from preference calculations, forestalling a possible revolutionary cascade.

A Signaling Model of Popular Response to Economic Crisis

Nature chooses an endogenous or exogenous economic crisis.

- An endogenous crisis is caused by the regime (flawed policies, corruption or other internal factors). Only regime change can correct the crisis.
- An exogenous crisis may be temporary or caused by forces beyond the regime’s control, for example a global recession. The regime may be able to mitigate an exogenous crisis, so replacing it only amplifies economic instability.

The media sends a signal.

- Given endogenous crisis: Media signals accurately with probability (1 - β) and inaccurately (as exogenous) with probability (β).
- β parameterizes the degree of media control. When β = 1, the media will never attribute an economic crisis to the regime.
- Given exogenous crisis: Media signals accurately.

Information Set: When the public receives a signal of an exogenous crisis, they do not know what type of crisis has occurred. The public waits the crisis out or protests. If they protest, the regime concedes or represses. The regime’s probability of retaining power under an exogenous crisis (r) is lower than the probability of retaining power under an exogenous crisis (p).

Implications of the Model

If an unfree media reports an exogenous crisis, the public may do best by randomizing between waiting and protesting. If the crisis is in fact endogenous, the regime will be most likely to fall (the public’s best outcome), but if the crisis is actually exogenous, the regime will be more likely to successfully repress and economic instability will increase (the public’s worst outcome).

Hypotheses

H1: Authoritarian regimes fall in a range of economic crisis conditions because in a low information environment, citizens cannot accurately assess economic performance and attribute blame for the crisis.
H2: Regimes with higher media freedom should be more likely to face crises of legitimacy when the economy is actually in crisis and the government is actually at fault.
H3: Authoritarian regimes with the least media freedom should fall under the most varied conditions of economic crisis, but should be more likely to survive severe crises. When citizens never receive accurate signals, they can never be certain if they will be better off ousting the regime or waiting out the crisis.
H4: A negative public response to economic crisis should occur at a time lag when media freedom is lower, because citizens can only directly observe negative economic effects at a delay.
H5: Where media freedom is low, negative public response to economic crisis should emerge over regional economies rather than the national economy. Citizens in a hard-hit region will directly observe negative effects of the crisis regardless of media freedom, but national coverage is unlikely.

Next Steps

Reframing of Signaling Game: Possible incorporation of repeated play and learning to capture history of regime instability under economic crisis and history of protest.

Data Collection and Empirical Testing: Operationalization of variables, including coding rules for endogenous and exogenous crises; Data collection; Regression analysis.

Further Questions:

- The level of media repression and the ability to control the media may be a function of regime strength. How does this impact occurrence of protests?
- Are endogenous or exogenous crises more common in certain types of authoritarian regimes?
- Could this model be applied to other settings where information deficits from media control compromise the public’s ability to hold the regime accountable?
