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Abstract

China's practice of employing business sanctions to silence companies and individuals speaking out in favor of the Hong Kong protests has sparked concern among democracy and free speech advocates. This recent phenomenon, combined with Dwight Eisenhower's rhetoric of "exporting democracy," prompts the question: if the USA has engaged in policies aimed towards exporting democracy, could China also export autocracy? This paper uses panel data for 180 countries across 22 years (1996-2018) to examine the effect of a country's trade with China as a proportion of its total trade on common indices of democratic freedom from the World Bank Group, Transparency International, and the Heritage Foundation. I find that the effects of trade with China are largely insignificant, and if significant are positive, indicating that fears of Chinese autocracy exporting may be somewhat unfounded. My results suggest that ideology exporting may truly be one-way: that is, that trade can make countries more democratic (at differing degrees, depending on starting conditions and the democracy of the trade partner) but not less, and that indices of democracy may be downward sticky.

Acknowledgements

Introduction

In October 2019, Blizzard suspended an esports gamer and revoked his prize money after the gamer in question spoke out in support of Hong Kong protestors on livestream.[1] The gaming company faced immediate backlash for placing business interests (specifically, connections to China) ahead of democratic principles of free speech. But this incident is far from isolated: a few weeks earlier, China cancelled NBA broadcasts on state-run television after Daryl Morey, general manager of the Rockets, tweeted a popular slogan used by Honk Kong protestors. Similarly, the University of Queensland has been recently indicted in claims that the campus attempted to stifle pro-Hong Kong sentiment in an effort not to endanger relations with China.

These narratives have prompted renewed concern about China's efforts/ability to leverage its market power to affect political climates (especially regarding rights to free speech) around the world. Similar to the post-Cold War notion of the domino effect, this concept hinges on the theory of ideology diffusion across borders. If the USA has engaged in policies aimed towards exporting democracy, could China also export autocracy?

In this paper, I examine empirical evidence regarding the possibility of Chinese ideology exporting. I employ trade data for 180 countries across 22 years to find the effect of Chinese trade power on several standard indices of democracy. My results indicate that proportion of trade with China may actually be positively associated with indices of democratic freedom, possibly indicating a growth effect of Chinese trade. Conversely, given lack of significance in several of my regression results, it is also possible ideology exporting may truly be one-way: that is, that trade can make countries more democratic (at differing degrees, depending on starting conditions and the democracy of the trade partner) but not less, and that indices of democracy may be downward sticky.

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[1] Activision Blizzard is an American video game company, known for producing online multiplayer games such as World of Warcraft, StarCraft, and Overwatch, among others.

Relevant Literature

In 1954, Dwight Eisenhower expressed the since-popularized notion of the democratic *domino effect*. This idea, theorized in response to the post-Cold War political climate, addresses ideological spread across nations; it predicts that political ideologies can diffuse across country borders. In other words, the *domino effect* posits that powerful (economically, politically, geographically) nations can spread their political ideologies to their neighbors (or diplomatic partners) through non-military means. This concept led to policymaking aimed towards "exporting democracy"—combatting the Soviet Union through democratic and economic sanctions, to both stifle autocratic regimes and incentivize development of democracies. Economists have conducted much research to examine the efficacy of these policies, but this question is still under debate.

Starr (1991) coined the metaphor of ideologies as a communicable disease. He noted (in examination of historical evidence) that ideological change tends to happen in waves, often within a geographical region, even in the absence of military intervention. He concludes that economic interdependence through trade and foreign direct investment acts as a significant motivator for political change.

Past research has also been conducted on the effects of trade openness on democratic indices. Results from these studies have been varied, and sometimes in direct opposition with one another. Csordas and Ludwig (2011) find evidence for the neighbor effect through geographic diffusion, but do not find significance for the effect of trade openness. Conversely, Rigobon and Rodrik (2005) find significant negative effects, while Lopez-Cordova and Meissner (2008) find significant positive effects. These differences may be reconciled by the findings of Puga and Trefler (2014), who note that the direction of the effect of trade openness on democratic indices depends on the relative economic conditions of trade partners, current political conditions in the country under investigation, and the political affiliation of trading parties. These factors are intuitively sound: it seems reasonable that a relatively large, democratic trade partner would impart greater ideological partner towards democracy than a smaller, autocratic partner.

Connecting this notion of democracy exporting to China specifically, Lin (2019) finds evidence for increased democratic outcomes for Chinese workers upon exposure to American foreign direct investment. Though this study relates to foreign direct investment rather than trade (as mine does) it does show that China is demonstrably not exempt from "ideology exporting." The paper mentions the "ideological convergence" associated with economic interdependence. In this study, as well as the majority of past work, the focus is on the export of democracy, measured through indices of freedom of speech, government effectiveness, control of corruption, and so forth.

This led me to wonder: is this a two-way street? Is it possible to export other political ideologies? And therefore, can/does China exert pressure on governance through trade? To answer this question, I first did some background research on possible confounding effects on democracy indices and endogeneity issues.

Barro (1999) examines the determinants of democracy, and lists GDP per capita, primary schooling, income inequality, and the degree of achievement gap across genders to be crucial determinants of indices of free speech and governance. Csordas and Ludwig (2011) note that foreign aid, though a factor in influencing the stability of existing governmental structures, does not significantly affect ideology. Their paper also identifies strong geographic, regional differences in ideological diffusion. In sum, much of the work in this area concurs with Barro's assessment that the strongest predictors of democratic indices are GDP per capita and income inequality.

A potential endogeneity issue in my analysis arises from the possibility of China's selection bias in trade partners. In other words, if China selects trade partners based on the degree of democracy, whether by advantaging autocratic or democratic partners, the effect of Chinese trade on these same indices will be confounded in the data. However, Broich (2019) finds that China does not appear to select recipients of foreign direct investment based on their governance structure. Though this paper addresses trade and not foreign direct investment, it seems reasonable that China does not select trade partners exclusively based on political ideology, though some features of more democratic partners may provide economic incentives to trade. I

describe my controls for these features in my empirical methodology section. Furthermore, as discussed in later in this paper, I use Chinese trade as a proportion of total trade rather than trade volume to control for some of these effects.

Data

For this analysis, I use panel data for 180 countries across 22 years (1996-2018), though some observations are missing from earlier years, especially in developing economies.

I use goods trade data by country at the yearly level, taken from Comptrade. These data include trade from the country in question to all trade partners (World) and with China specifically, in each year. I also sourced China's total trade data by year from Comptrade. From the International Monetary Fund, I sourced basic macroeconomic indicators, such as GDP per capita, GDP growth, unemployment, and inflation. I drew several indices from the World Bank, such as the Gini income inequality indicator and an index of trade openness. I also used World Bank data on population by country and year.

I drew most of my indices of democracy from the World Bank Group (WBG). I also used Transparency International's Corruption Perceptions Index (henceforth referred to as TI's CPI), and the Heritage Foundation's measures of economic freedom (Economic Freedom Index, or EFI). Both WBG indices are measured on a scale from -2.5 (less voice/accountability and government effectiveness) to 2.5 (strong voice/accountability and effective government). The Voice and Accountability Index (VAI) measures perceptions of freedom of expression, as well as the degree to which a country's governing body is held accountable by the citizenry. The Government Effectiveness Index (GEI) measures the availability and quality of public services, and surveys of trust in government/civil offices. Transparency International's CPI is measured on a scale from 0 (corrupt) to 100 (not corrupt) and is drawn from opinion surveys and expert assessments. The Heritage Foundation's EFI is a more general index taking into account rule of law, government size, regulatory efficiency, and market openness. This index falls on a scale of 0 (not free) to 100 (free).

These data are matched by year and three letter country code. Table 1 shows summary statistics for the variables used in my analysis: each of the indices of democracy described above, *propWithChinaTot* (proportion of a country's total trade that is conducted with China—the *tot* suffix indicating that this variable represents share of total goods trade as opposed to imports or exports exclusively), *lGDPpc* (the log of GDP per capita), an index of trade openness, the Gini income inequality index, and population in millions.

Table 1: Summary Statistics

Variable	N	Mean	SD	Min	Max
Voiceandaccountabilityindex	3676	-0.03	1.00	-2.31	1.80
Governmenteffectivenessindex	3618	-0.02	1.00	-2.45	2.44
CorruptionPerceptionsIndex	2759	42.49	20.83	4.00	99.00
Economicfreedomoverallindex	3765	59.52	11.78	1.00	91.00
CompetitivenessWorldEconomic	1612	4.23	0.67	2.58	5.86
propWithChinaTot	3605	0.55	0.10	0.50	1.00
lGDPpc	4349	8.30	1.62	4.63	12.15
Tradeopennessexportsplusimp	4084	89.12	53.15	0.17	531.74
Giniincomeinequalityindex	1246	38.47	9.06	23.70	65.80
Populationsizeinmillions	4501	27.25	92.20	0.01	1352.62

Initial analysis of my data supported the literature's emphasis on GDP per capita as an important determinant of democracy, and therefore an important control variable in my regressions. Graphical analysis showed an exponential relationship between GDP per capita and the democratic/freedom indices. For this reason, as well as to facilitate analysis, I use the log of GDP per capita throughout my empirical process.

Figure 1 shows the relationship between the four primary indices I use in my analysis and GDP per capita: the WBG's Voice and Accountability Index (top left) and Government Effectiveness Index (top right), Transparency International's Corruption Perceptions Index (bottom left), and the Heritage Foundation's Overall Economic Freedom Index (bottom right). These graphs show clear correlation between these indices and GDP per capita.

Figure 1: Democratic Indices and log GDP per capita
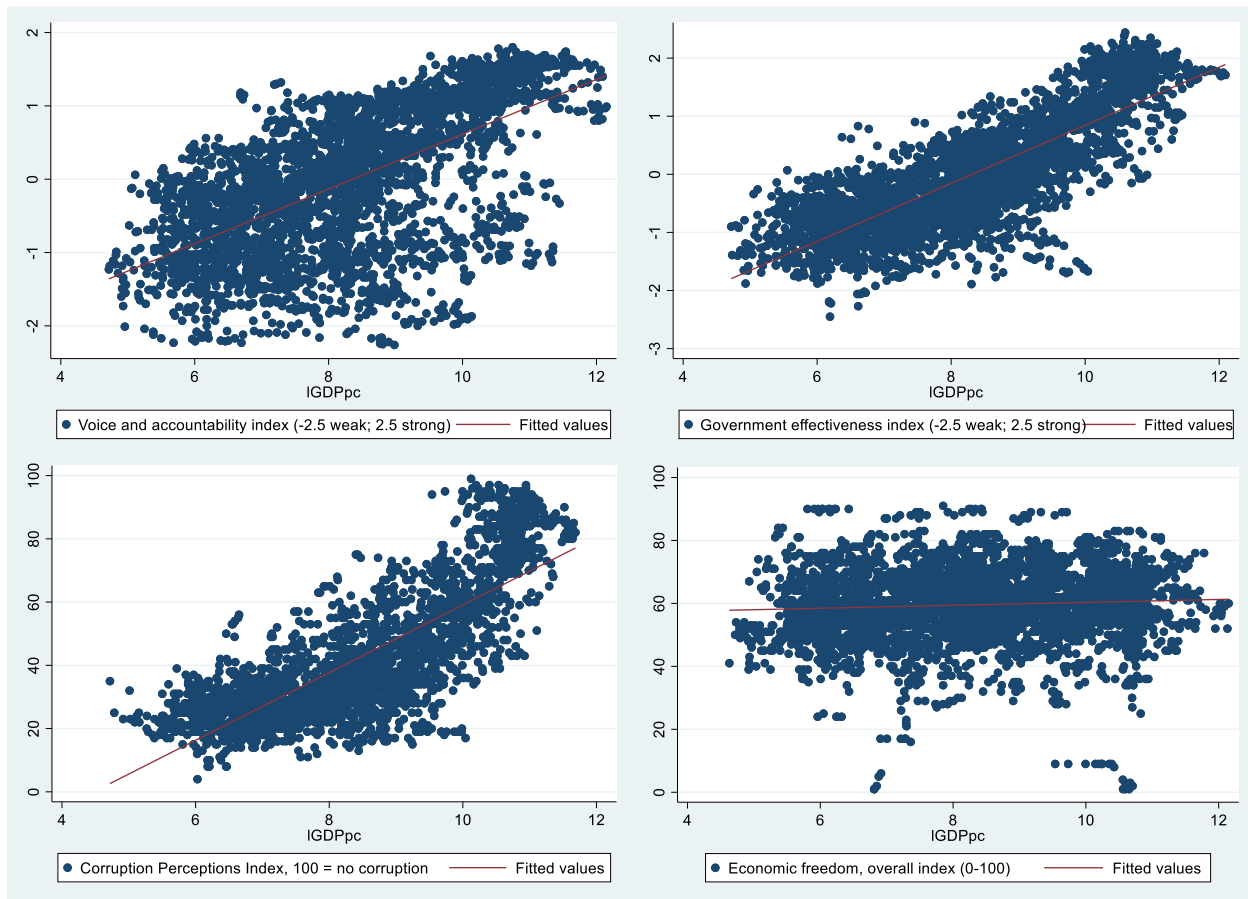
I performed the same visual analysis for other control variables and saw similar results. As expected, the log of GDP per capita and the trade openness index were positively correlated with democratic indices. Interestingly, the Gini income inequality index also showed positive (though weak) correlation with all four indices of democratic freedom, likely resulting from relatively high levels of income inequality in developed nations.

To examine evidence for the issue of autocracy exporting at a glance, I also graphed each democracy index against my primary independent variable: the share of a country's trade conduced with China. Figure 2 shows the relationship between each index and the aforementioned variable, labeled *propWithChinaTot.*

Figure 2: Democratic Indices and Proportion of Trade Conducted With China
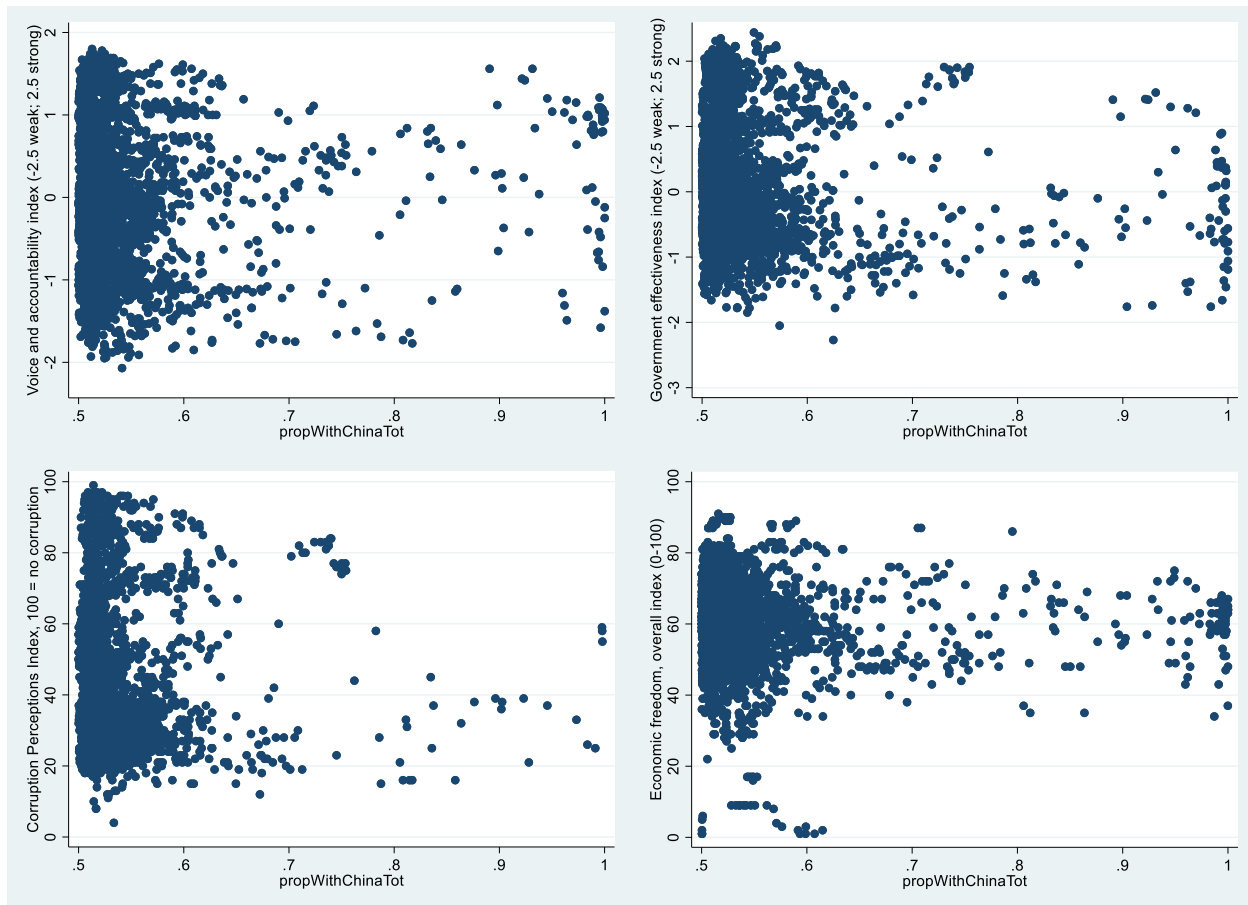
Contrary to the domino effect hypothesis, these scatterplots appear to indicate a positive (if slight) correlation between the proportion of trade conducted with China and all four of the democratic indices. Following sections will analyze whether this effect persists when controlling for the determinants of democracy identified in the literature review section.

Empirical Analysis

To examine the applicability of the ideology exporting theory to the case of Chinese trade, I used as my primary explanatory variable the proportion of a country's trade which it conducts with China. I calculated this variable for each country and year by the formula below:

$$propWithChinaTot_{it} = \frac{total\ imports\ from\ China_{it} + total\ exports\ to\ China_{it}}{total\ imports_{it} + total\ exports_{it}}$$

where the subscript i indicates country and the subscript t indicates year.

In keeping with the literature, I included the log of real GDP per capita and the Gini inequality index as control variables. To capture factors associated with democracy that may facilitate trade (and thereby engender endogeneity) I also control for trade openness, measured by total imports and exports over real GDP. Additionally, I include population as a proxy for market size, to address China's selection bias in export markets. Thus, my first regression equation is as follows:

Regression 1:

$$DemocracyIndex_{it} = \beta_0 + \beta_1 propWithChinaTot_{it} + \beta_2 lGDPpc_{it} + \beta_3 Gini_{it} + \beta_4 tradeOpen_{it} + \beta_5 population_{it} + \gamma_i + \gamma_t + \varepsilon$$

In the regression above, *DemocracyIndex* indicates each of my four primary dependent variables (described in the data section), *propWithChinaTot* is the proportion of total trade that is conducted with China, *lGDPpc* is the log of real GDP per capita, *Gini* is the Gini income inequality index, *tradeOpen* is a measure of trade openness, and *population* is total population in millions. This regression includes country (γ_i) and time (γ_t) fixed effects, with country and time subscripts as above. Table 2 below shows the results of this regression.

Interestingly, the only significant coefficient on my independent variable of interest indicates a positive relationship between proportion of a country's trade conducted with China and the VAI. This finding runs counter to my hypothesis, founded on my motivating articles and relevant literature, which suggest that we should instead see a negative pressure on freedom of speech due to trade from a relatively restrictive country (China). Furthermore, given that the VAI is calculated on a scale from -2.5 to 2.5, the magnitude of this coefficient is also notable. Though this result may have arisen from data concerns (discussed further in this section), it could also be that trade from China exerts pressure on democratic indices not only through ideological diffusion (or intentional economic pressure on political systems) but also through a growth channel. Especially for developing economies, trade with a relatively large, exporting economy (here, China) may increase overall welfare, which per Lipset's seminal paper (1959) has a positive effect on democracy. This effect may therefore be outweighing any potential negative effects of ideology exporting.

Table 2: OLS Fixed Effects Regression Results of Proportion of Trade With China

	Voice&Acc.	GovEffect.	Corruption	EcnFreedom
propWithChinaTot	0.309**	0.221	4.987	-0.373
	(2.63)	(1.77)	(0.64)	(-0.11)
lGDPpc	-0.0278	0.0191	4.765***	-2.747***
	(-1.62)	(1.06)	(8.39)	(-5.41)
Gini	0.00486***	-0.00208	-0.0177	-0.0855
	(3.43)	(-1.41)	(-0.42)	(-1.82)
tradeOpen	-0.000353	0.000478	0.0207	-0.0570***
	(-0.78)	(1.01)	(1.55)	(-4.14)
population	-0.000998*	-0.000382	-0.0230*	0.0109
	(-2.58)	(-0.95)	(-2.48)	(0.90)
Constant	0.196	0.0362	3.102	93.47***
	(1.18)	(0.21)	(0.56)	(18.76)
N	723	722	606	906
R-sq	0.048	0.014	0.167	0.073
F	5.804	1.657	19.15	11.94

t statistics in parentheses
* $p<0.05$, ** $p<0.01$, *** $p<0.001$

Also surprisingly, my control variables seem only sporadically significant. Though log of GDP per capital is strongly significant in both my Corruption and Economic Freedom regressions, in the latter case this coefficient is negative. The coefficient on trade openness is likewise negative in this regression, though small in magnitude. This seems counterintuitive, given that Starr (1999) lists both of these factors as strong determinants of democracy.

Given that political systems and institutions tend to be entrenched and relatively inelastic, I also ran a regression using one- and two-year lagged variables of the proportion of trade conducted with China:

<div align="center">Regression 2:</div>

$$DemocracyIndex_{it} = \beta_0 + \beta_1 propWithChinaTot_{it} + \beta_2 propWithChinaTot_{i(t-1)} +$$

$$\beta_3 propWithChinaTot_{i(t-2)} + \beta_4 lGDPpc_{it} + \beta_4 Gini_{it} + \beta_5 tradeOpen_{it} + \beta_5 population_{it} +$$

$$\gamma_i + \gamma_t + \varepsilon$$

All other variables are as described in Regression 1. The results of this regression are shown in Table 3 below.

Table 3: OLS Fixed Effects Regression Results of Proportion of Trade With China, With
> Lagged Variables

	Voice&Acc.	GovEffect.	Corruption	EcnFreedom
propWithChinaTot	0.235	0.216	9.972	8.164
	(1.69)	(1.36)	(1.11)	(1.62)
propWC(t-1)	0.251	0.121	8.027	-9.350
	(1.86)	(0.78)	(0.98)	(-1.94)
propWC(t-2)	-0.158	-0.154	5.779	7.860
	(-1.09)	(-0.93)	(0.75)	(1.72)
lGDPpc	-0.0314	0.0165	4.164***	-3.650***
	(-1.86)	(0.86)	(5.83)	(-6.43)
Gini	0.00363**	-0.00343*	-0.0119	-0.114*
	(2.60)	(-2.16)	(-0.27)	(-2.24)
tradeOpen	-0.0000508	0.000583	0.0200	-0.0583***
	(-0.11)	(1.16)	(1.48)	(-3.88)
population	-0.000919**	-0.000350	-0.0250**	0.00869
	(-2.63)	(-0.88)	(-2.70)	(0.70)
Constant	0.251	0.146	-1.376	98.87***
	(1.45)	(0.74)	(-0.18)	(16.84)
N	640	640	587	762
R-sq	0.054	0.023	0.169	0.108
F	4.040	1.662	13.27	10.66

t statistics in parentheses
* $p<0.05$, ** $p<0.01$, *** $p<0.001$

In this regression, coefficients on both the immediate and lagged variables for proportion of trade with China were insignificant across the board. This seems to imply that, controlling for

effects across time, the proportion of a country's trade conducted with China is in fact not a strong contributing factor to democratic indices, running counter to the ideology exporting theory. However, this insignificance may also arise from the reduction in observations inherent in time lagged analysis. Furthermore, since data were sparse for developing countries, these results may miss across-time effects in these emerging economies—the very countries one would expect to be most vulnerable to political pressure, by the size-difference effect identified by Puga and Trefler (2014).

Though not significant at the 5% significance level, some of the coefficients in Table 3 were significant at the 90% level. The one-year lagged trade variable in the EFI regression had a *p*-value of 0.053: this large negative coefficient (the EFI is calculated on a scale of 0-100) conforms to the ideology exporting idea, implying that an increased proportion of trade in the previous year may result in a lowered EFI for the next year. Similarly, the coefficient on the current proportion of trade and the one-year lag trade in the VAI were also significant at the 10% significance level, with *p*-values of 0.092 and 0.063, respectively. However, these coefficients were positive: as in Regression 1, perhaps indicating that trade pressures against free speech are outweighed by positive growth effects. It may also be the case that China had the capability but not the incentive to exert economic pressure against free speech in the time period examined by this study. Additionally, these freedom indices are measured yearly and have little variation within a country by year. If trade pressures against free speech are being exerted in this case, my data may be too coarse to fully capture these effects.

Another important facet of the previous literature on this topic was the theory of geographical diffusion: that is, the spread of political ideology across borders within a geographic region. This meshes with the gravity theory of trade, which has been strongly supported by empirical data and states countries trade more with proximate partners. To control for both of these effects, I interacted my primary independent variable with their countries' UN Geoscheme region. I used Europe as my control region, with the following regression equation:

<div align="center">Regression 3:</div>

$$DemocracyIndex_{it} = \beta_0 + \beta_1 propWithChinaTot_{it} + \beta_2 propWithChinaTot_{it} * Asia_i +$$
$$\beta_3 propWithChinaTot_{it} * Americas_i + \beta_4 propWithChinaTot_{it} * Oceania_i +$$
$$\beta_5 propWithChinaTot_{it} * Africa_i + \beta_6 lGDPpc_{it} + \beta_7 Gini_{it} + \beta_8 tradeOpen_{it} +$$
$$\beta_9 population_{it} + \gamma_i + \gamma_t + \varepsilon$$

Where *Asia*, *Americans, Oceania,* and *Africa* are dummy variables taking the value 1 if the country in question is in the given region and 0 otherwise, with Europe as the base case. Table 4 shows the results of this regression for my four dependent variables:

Table 4: OLS Fixed Effects Regression Results of Proportion of Trade With China, With
>   Region Dummy Variables

	Voice&Acc.	GovEffect.	Corruption	EcnFreedom
propWithChinaTot	-0.428	-0.0123	43.61	-10.46
	(-1.59)	(-0.04)	(0.84)	(-1.36)
Asia*propWC	0.379	3.559***	5.689	-16.96
	(0.54)	(4.92)	(0.11)	(-0.77)
Americas*propWC	0.947**	0.0416	-51.85	11.92
	(2.74)	(0.12)	(-1.00)	(1.20)
Oceania*propWC	1.184***	0.443	-91.68	15.15
	(3.52)	(1.26)	(-0.79)	(1.48)
Africa*propWC	0.330	-0.317	-40.48	14.94
	(0.81)	(-0.75)	(-0.77)	(1.37)
lGDPpc	-0.0293	-0.0104	4.423***	-2.591***
	(-1.62)	(-0.56)	(6.48)	(-4.77)
tradeOpen	-0.000289	0.000386	0.0184	-0.0544***
	(-0.64)	(0.83)	(1.34)	(-3.94)
Gini	0.00500***	-0.00222	-0.0352	-0.0840
	(3.56)	(-1.53)	(-0.80)	(-1.79)
population	-0.000938*	-0.000630	-0.0265**	0.0130
	(-2.42)	(-1.58)	(-2.79)	(1.06)
Constant	0.367*	0.0269	-2.879	95.94***
	(2.14)	(0.15)	(-0.33)	(18.72)
N	723	722	606	906
R-sq	0.073	0.065	0.176	0.078
F	5.024	4.427	11.19	7.154

t statistics in parentheses
* p<0.05, ** p<0.01, *** p<0.001

Controlling for region, the coefficient on *propWithChinaTot* is insignificant in all four regressions, even at the 10% significance level. I had thought that this effect may be induced by small sample size: thus, I ran the regression removing my limiting variable, *Gini* (the Gini income inequality index, which was missing for many of the early years of my dataset). Even after doing so, however, all four coefficients remained insignificant. This result corroborates the findings of the lagged regression (Regression 2), seeming to support the notion that China does not appear to be exerting economic pressure on political structure broadly across the time period of this study.

Several of the region dummy interactions, on the other hand, *were* significant: for the VAI regression, countries in the Americans and Oceania experienced stronger effects of Chinese trade on the index in question than countries in Europe. If accepting the idea of the growth channel between Chinese trade and this index, the positive coefficient on countries in the Americas may be explained by the greater size difference between China's economy and those of developing nations in Central and South America. Likewise, the even larger positive coefficient on the interaction term with Oceania may indicate a similar growth channel, strengthened by the geographical proximity to China, of the Southeastern Asian countries included in the region by UN Geoscheme data.

Finally, I considered the possibility that China may be reluctant to exert trade pressure on its major partners, as China may also be dependent on continued trade. To this end, I calculated the proportion of trade China conducts with each country in my dataset (by country and year) via the following formula:

$$propOfChinaTot_{it} = \frac{total\ imports\ from\ Country\ i_t + total\ exports\ to\ Country\ i_t}{total\ Chinese\ imports_t + total\ Chinese\ exports_t}$$

I included in this regression the region dummies above, making the full regression equation:

Regression 4:

$$DemocracyIndex_{it} = \beta_0 + \beta_1 propWithChinaTot_{it} + \beta_2 propOfChinaTot_{it} +$$

$$\beta_3 propWithChinaTot_{it} * propWithChinaTot_{it} + +\beta_4 propWithChinaTot_{it} * Asia_i +$$

$$\beta_5 propWithChinaTot_{it} * Americas_i + \beta_6 propWithChinaTot_{it} * Oceania_i +$$

$$\beta_7 propWithChinaTot_{it} * Africa_i + \beta_8 lGDPpc_{it} + \beta_9 Gini_{it} + \beta_{10} tradeOpen_{it} +$$
$$\beta_{11} population_{it} + \gamma_i + \gamma_t + \varepsilon$$

The results of the regression are included below:

Table 5: OLS Fixed Effects Regression Results of Proportion of Trade With China, Incl
> uding Proportion of Chinese Trade

	Voice&Acc.	GovEffect.	Corruption	EcnFreedom
propWithChinaTot	-0.428	0.0700	139.3*	-11.70
	(-1.57)	(0.25)	(2.46)	(-1.48)
propOfChinaTot	12.99	-2.660	126.6	-658.0*
	(1.46)	(-0.29)	(0.29)	(-2.47)
WChina*OfChina	-25.96	-4.181	-228.5	1245.1*
	(-1.52)	(-0.24)	(-0.28)	(2.44)
Asia*propWC	0.509	2.789***	-80.74	-38.02
	(0.68)	(3.69)	(-1.40)	(-1.57)
Americas*propWC	0.968**	-0.0589	-145.8*	10.85
	(2.78)	(-0.17)	(-2.58)	(1.07)
Oceania*propWC	1.004**	0.277	-176.2	-1.081
	(2.69)	(0.73)	(-1.49)	(-0.09)
Africa*propWC	0.399	-0.470	-135.8*	18.53
	(0.95)	(-1.11)	(-2.37)	(1.55)
lGDPpc	-0.0231	-0.00438	4.123***	-2.371***
	(-1.26)	(-0.23)	(6.00)	(-4.13)
tradeOpen	-0.000400	0.000146	0.0103	-0.0493***
	(-0.87)	(0.31)	(0.74)	(-3.40)
Gini	0.00472**	-0.00346*	-0.0437	-0.0529
	(3.31)	(-2.39)	(-0.94)	(-1.04)
population	-0.000951*	-0.000575	-0.0413***	0.0157
	(-2.47)	(-1.47)	(-4.01)	(1.28)
Constant	0.337	0.166	-16.63	95.25***
	(1.93)	(0.94)	(-1.76)	(17.59)
N	709	709	565	848
R-sq	0.062	0.088	0.219	0.081
F	3.380	4.922	10.93	5.592

t statistics in parentheses
* p<0.05, ** p<0.01, *** p<0.001

As in the previous regression all current coefficients on proportion of trade with China are insig-

nificant. The region dummy interactions mentioned in the results of Regression 3 retain their

significance and their sign. Coefficients on both the proportion of Chinese conducted trade con-

ducted with a country (*propOfChinaTot)* and the interaction term are slightly significant (at the

95% level). The coefficient on proportion of China's trade is negative, seeming to indicate that China may in fact select trade partners with a slight bias towards less democratic governments. Conversely, the coefficient on the interaction term is positive and immense, possibly implying that the growth channel between trade and democratic indices is strengthened by China's investment in maintaining trade relations (the importance of trade with the given country to China).

Conclusions

Overall, most of my regressions indicated a lack of significance in the relationship of Chinese trade to the four selected democratic indices. When identified, these coefficients were typically positive, alluding to the possibility of a growth channel between trade and democracy exceeding any negative effects of ideology exporting.

Additionally, it may be possible that ideology exporting truly is one-way: that is, that trade can make countries more democratic (at differing degrees, depending on starting conditions and the democracy of the trade partner) but not less. These democracy indices may be somewhat sticky, in which case trade is unlikely to decrease these indices even when conducted with a powerful, autocratic partner.

However, these conclusions may also have been influenced by possible endogeneity between proportion of trade with China and these indices. Though I used proportion of trade to attempt to rectify this issue, this proxy relies upon the assumption that factors affecting trade decisions are relatively common across nations; in other words, that a factor inducing China to trade more with Country X would also incentivize other economies to trade with this country, rendering China's proportion of trade unchanged. I have included region dummies to address the obvious flaw in this approach (the gravity model of trade), but other factors likely also muddle this relationship (such as a possible selection bias towards autocratic trade partners).

Further work would ideally further explore such confounding elements. Also, much of the prior work in this area concerns foreign direct investment rather than trade: it could be interesting to

test similar regression models using proportion of FDI received from China. Additionally, further research could address services trade as well as goods trade, for which data for this analysis was sadly sparse. In several years, it would be interesting to see a reanalysis of the notion of ideology exporting specifically with regards to expressing opinions about the Hong Kong protests, which served as the inciting incident for this paper.

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