

Coalitions, Retaliation, and Whistleblowing: Evidence from Memorials of Qing China

Meng Miao, Thomas Noe, Xiao Yan

January 5, 2025

Motivation: Failure of Formal Institutions

- Frequent Cases of Financial Fraud and Expropriation (Simon et al., 2000; Parsons et al., 2018)
 - Example: General Electric scandal
- Whistleblowing as a Key System
 - Whistleblowers are critical for curbing illegal activities, especially in the absence of external oversight or access to internal information (Olken, 2007; Pan and Chen, 2018; Chassang and Gérard, 2019)
 - Whistleblowers can expose activities such as corruption, mafia infiltration, and financial fraud (Jonas Heese et al., 2022; Choo et al., 2019)

Motivation: Failure of Formal Institutions

- Frequent Cases of Financial Fraud and Expropriation (Simon et al., 2000; Parsons et al., 2018)
 - Example: General Electric scandal
- Whistleblowing as a Key System
 - Whistleblowers are critical for curbing illegal activities, especially in the absence of external oversight or access to internal information (Olken, 2007; Pan and Chen, 2018; Chassang and Gérard, 2019)
 - Whistleblowers can expose activities such as corruption, mafia infiltration, and financial fraud (Jonas Heese et al., 2022; Choo et al., 2019)

Motivation: Challenge

- The Question: Is the Whistleblowing System Truly Effective?
 - Dyck et al. (2010): Financial incentives help explain employee whistleblowing behavior but have limited effects.
 - Joana (2019): Designed a system where company consumers act as tax auditors, leading to increased corporate tax reporting.
 - Most studies focus on the role of external incentives.
 - Limited understanding of whistleblowers' intrinsic motivations.
 - Current evidence offers no definitive conclusion on the effectiveness of whistleblowing systems.
- Failures in Reporting Mechanisms
 - Example: Hospital COVID-19 reporting systems failed during crises.
- Main Challenge: Confidentiality and Availability of Data.

Motivation: Challenge

- The Question: Is the Whistleblowing System Truly Effective?
 - Dyck et al. (2010): Financial incentives help explain employee whistleblowing behavior but have limited effects.
 - Joana (2019): Designed a system where company consumers act as tax auditors, leading to increased corporate tax reporting.
 - Most studies focus on the role of external incentives.
 - Limited understanding of whistleblowers' intrinsic motivations.
 - Current evidence offers no definitive conclusion on the effectiveness of whistleblowing systems.
- Failures in Reporting Mechanisms
 - Example: Hospital COVID-19 reporting systems failed during crises.
- Main Challenge: Confidentiality and Availability of Data.

Motivation: Challenge

- The Question: Is the Whistleblowing System Truly Effective?
 - Dyck et al. (2010): Financial incentives help explain employee whistleblowing behavior but have limited effects.
 - Joana (2019): Designed a system where company consumers act as tax auditors, leading to increased corporate tax reporting.
 - Most studies focus on the role of external incentives.
 - Limited understanding of whistleblowers' intrinsic motivations.
 - Current evidence offers no definitive conclusion on the effectiveness of whistleblowing systems.
- Failures in Reporting Mechanisms
 - Example: Hospital COVID-19 reporting systems failed during crises.
- Main Challenge: Confidentiality and Availability of Data.

Motivation: Challenge

- The Question: Is the Whistleblowing System Truly Effective?
 - Dyck et al. (2010): Financial incentives help explain employee whistleblowing behavior but have limited effects.
 - Joana (2019): Designed a system where company consumers act as tax auditors, leading to increased corporate tax reporting.
 - Most studies focus on the role of external incentives.
 - Limited understanding of whistleblowers' intrinsic motivations.
 - Current evidence offers no definitive conclusion on the effectiveness of whistleblowing systems.
- Failures in Reporting Mechanisms
 - Example: Hospital COVID-19 reporting systems failed during crises.
- Main Challenge: Confidentiality and Availability of Data.

Motivation: Challenge

- The Question: Is the Whistleblowing System Truly Effective?
 - Dyck et al. (2010): Financial incentives help explain employee whistleblowing behavior but have limited effects.
 - Joana (2019): Designed a system where company consumers act as tax auditors, leading to increased corporate tax reporting.
 - Most studies focus on the role of external incentives.
 - Limited understanding of whistleblowers' intrinsic motivations.
 - Current evidence offers no definitive conclusion on the effectiveness of whistleblowing systems.
- Failures in Reporting Mechanisms
 - Example: Hospital COVID-19 reporting systems failed during crises.
- Main Challenge: Confidentiality and Availability of Data.

Motivation-Setting

An unique setting: Confidential Memorials

- Direct private communication with the emperor; 1v1.



- No third party could access or open the memorials.
- Rich Information: Military, Agriculture, Finance, etc.

Motivation-Setting

An unique setting: Confidential Memorials

- Direct private communication with the emperor; 1v1.
- No third party could access or open the memorials.
- Rich Information: Military, Agriculture, Finance, etc.

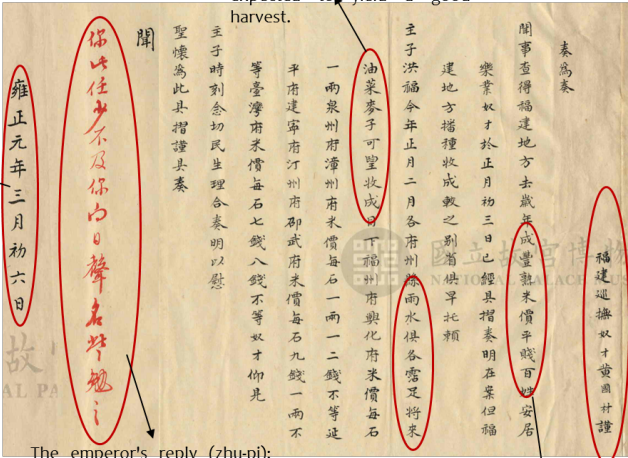
Motivation-Setting

An unique setting: Confidential Memorials

- Direct private communication with the emperor; 1v1.
- No third party could access or open the memorials.
- Rich Information: Military, Agriculture, Finance, etc.

Motivation-Setting

Content: With adequate rainfall, the rape and wheat crops are expected to yield a good harvest.



Date: March 6th, 1723

Reporter: Governors in Fujian Province, Huang Guocai

The emperor's reply (zhu-pi): You should report more often like this in the future

Content: Stable food prices

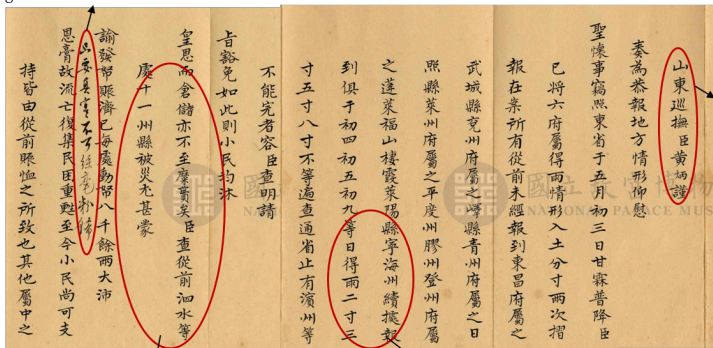
Motivation-Setting

- Focus on: Natural Disaster Reporting
 - Smallholder Economy:
 - The emperor paid close attention to detailed reports of agricultural conditions and natural disasters in local areas.
 - Whistleblowers provided detailed reports on agriculture, particularly regarding crop yields, pest infestations, and adverse weather conditions.
 - Severe Consequences: Rebellions and Famine
 - External Shocks

Motivation-Setting

● Prediction and relief of agricultural disasters

The emperor's reply: As long as it is truthful, there must not be the slightest embellishment.



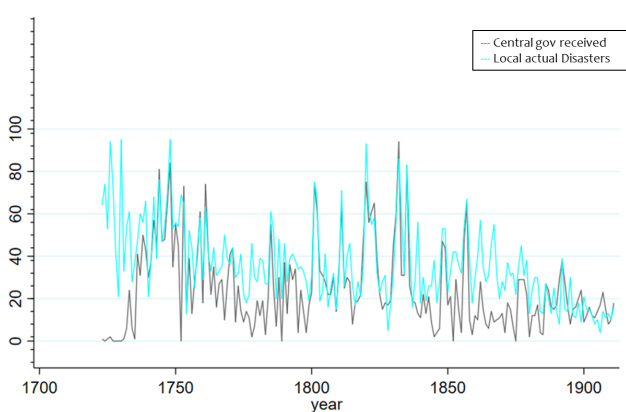
Reporter: Governors in Shandong Province, Huang Binjin

Content: Eleven places, including Sishui, were severely affected by the flood

Content: Rainfall depth across different regions

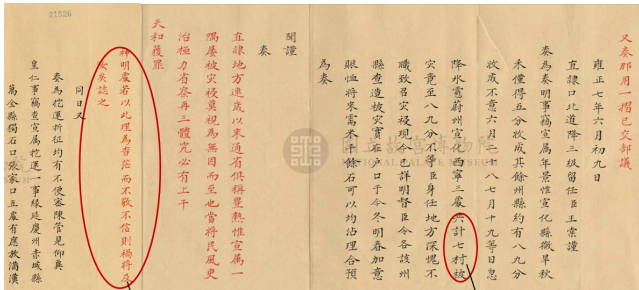
Motivation

- The central government seeks to know vs. local governments conceal
- 54.7% of disasters were concealed



Motivation-local government

- Imperial Perception: Negative
 - Officials' Evaluations Tied Directly to the Emperor



The emperor's reply: Other regions under governance experience no disasters, but the area under your administration suffers—this reflects a lack of reverence for the divine.

Content: Seven villages, including Weizhou, Xuanhua, and Xining, have been affected by the disaster

- Colleague Retaliation

Motivation-local government

- Imperial Perception: Negative
 - Officials' Evaluations Tied Directly to the Emperor
- Colleague Retaliation
 - Example: The Cao Xibao case
- Stable Informational Coalition
 - governors-general(tsung-tu), governors(hsun-fu), Provincial Administration Commissioner(pu-cheng-shi)
 - 80/

Motivation-local government

- Imperial Perception: Negative
 - Officials' Evaluations Tied Directly to the Emperor
- Colleague Retaliation
 - Example: The Cao Xibao case
- Stable Informational Coalition
 - governors-general(tsung-tu), governors(hsun-fu), Provincial Administration Commissioner(pu-cheng-shi)
 - 80/

Motivation-Emperor Attitude

- Qianlong Era: Gansu Fraud Case; Jiaqing Era: Locust Incident
- Encouraging Whistleblowing
 - Reporting observations made during travels to appointments.
 - Active involvement of imperial censors.

Motivation-Emperor Attitude

- Qianlong Era: Gansu Fraud Case; Jiaqing Era: Locust Incident
- Encouraging Whistleblowing
 - Reporting observations made during travels to appointments.
 - Active involvement of imperial censors.

Finding

- Trade-off Between Loyalty to Small Groups and Loyalty to the Emperor
 - Stability of Small Groups:
 - Duration of alliance
 - Expected future collaboration opportunities
 - Third party
 - Risk of retaliation from colleagues
 - Imperial Incentives
 - Rewards from the emperor for whistleblowers - Likelihood of punishing other officials.

Finding

- Exclusion of alternative channels
 - Too small disaster to Report
 - Motivation to obtain relief supplies
 - Information isolation, where officials were unaware of the disasters
- Severe social consequences: exacerbation of famine and rebellion

Contribution

- Whistleblowing Systems
 - External motivators: financial incentives (Dyck et al., 2010), consumer reporting in tax compliance(Naritomi, 2019), and the shaping of moral beliefs(Heese et al., 2023).
 - Internal motivations: trade-offs between personal benefits and potential retaliation.
- Corruption, governance, and agency
- Decentralization.
 - Decentralization leverages local agents' superior access to information for better governance outcomes(Oates, 1972; Qian and Roland, 1998; Huang et al.,2017)
 - Institutional design may not necessarily enhance the central authority's access to local knowledge.

Thank you!