

**Luis Martinez**

*Harris School*

**“How Much Should We Trust the Dictator’s GDP Estimates?”**

**ABSTRACT:** This paper studies the manipulation of GDP statistics in weak and non-democracies. Using panel data for 179 countries between 1992 and 2008, I show that the elasticity of reported GDP to nighttime lights is systematically larger for higher levels of autocracy. Based on the excess elasticity, I estimate that yearly reported GDP growth is 15-30% higher than true growth in the most authoritarian regimes. This excess elasticity is larger when there is a stronger incentive to manipulate information, such as in years of relatively low economic growth or before elections (i.e., hybrid regimes). It is only present in GDP sub-components with government involvement and low third-party verification, and disappears after countries subscribe to the SDDS, a set of IMF guidelines for official national statistics. I provide evidence against alternative explanations based on changes in economic structure, urbanization, spatial concentration of economic activity, electrification, and state capacity.