Department of Accountancy
Hong Kong Institute of Business Studies

Power of the Crowd: Freedom of Speech and Government Stewardship

ABSTRACT

This paper examines whether and how free speech protections influence government stewardship. We exploit the staggered adoption of anti-strategic lawsuit against public participation (anti-SLAPP) laws across U.S. states as a plausibly exogenous shock that strengthens free speech protections. We find that stronger protections enhance state and local government stewardship, reflected in greater fiscal transparency—timelier audits and fewer audit findings—and higher integrity, evidenced by reduced corruption. These effects are more pronounced in governments with weaker congressional representation and in mayor–council systems, where voter scrutiny is expected to be more salient. Mechanism tests show that stronger protections increase civic engagement and local media coverage of government news, while reducing both the reelection likelihood and winning margins of incumbents, consistent with heightened voter scrutiny and accountability. We further document declines in municipal bond trading spreads, suggesting that markets recognize improved government stewardship. Our findings highlight the critical role of free speech protections in promoting voter-driven accountability and enhancing government stewardship.

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BIOGRAPHY

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Dr. Ke Wang is an Associate Professor of Accounting at the Alberta School of Business, University of Alberta. He received his Ph.D. in accounting from the City University of Hong Kong and his undergraduate degree in accounting and finance from the Hong Kong Polytechnic University. Dr. Wang's research has been published in *Contemporary Accounting Research*, *Organization Science*, *Accounting Horizons*, *Journal of Accounting, Auditing and Finance*, and *Journal of Accounting and Public Policy*. He is an Associate Editor of the *Managerial Auditing Journal* and an incoming Screening Editor of *Corporate Governance: An International Review*. He also serves as a reviewer for *The Accounting Review*, *Contemporary Accounting Research*, *Journal of Financial and Quantitative Analysis*, and *Production and Operations Management*.

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