Endogenous Sovereign Debt Disclosure with Information Asymmetry (Job Market Paper)

This paper develops a quantitative framework to study how sovereigns strategically disclose or conceal debt under information asymmetry. Using newly combined data from Horn, Reinhart, and Trebesch (2021) and the World Bank's *International Debt Statistics*, I construct a cross-country panel measure of hidden sovereign debt: the difference between total and self-reported loans from China. Empirically, disclosure behavior systematically shapes the cyclical dynamics of external borrowing and risk premia. Transparent borrowers exhibit pro-cyclical borrowing from China, whereas countries with higher hidden-debt ratios borrow counter-cyclically. Moreover, conditional on loans being reported, higher hidden-debt ratios are positively associated with sovereign bond spreads. To interpret these patterns, I develop a theoretical model of debt renegotiation showing that the negative externality of collateralized Chinese loans in the bargaining process induces borrowers to reduce such loans to obtain more favorable bond pricing terms when default probability is high. A quantitative sovereign default model with private information rationalizes these mechanisms: strategic governments conceal collateralized debt to smooth borrowing costs and exploit investors' imperfect beliefs about total liabilities, but low government reputation undermines this channel and renders concealment non-credible. Simulations replicate the observed heterogeneity in cyclical behavior and show that hidden debt redistributes welfare from transparent to opaque borrowers. Even without direct observation, investor beliefs about sovereign reputation serve as effective proxies for hidden debt, allowing governments to treat reputation as a strategic asset – depleting it in downturns and rebuilding it in expansions. The framework highlights how information asymmetry and selective disclosure fundamentally reshape sovereign borrowing dynamics in the era of Chinese official finance.

The Economics of Attention on the Basketball Court

This paper proposes a novel empirical framework to test rational inattention in a high-stakes, spatial–temporal environment. Using optical tracking data from the National Basketball Association, I model how professional athletes allocate limited attention under information-processing constraints while making real-time strategic decisions. I identify the moment-by-moment *source of attention* for defensive players and quantify the information processed by comparing instantaneous priors and posteriors derived from simulated game states. Payoffs are measured through *expected possession value* (points scored) and win-probability metrics that proxy instantaneous utility. The framework recovers individual-level measures of information acquisition and allows evaluation of how attention intensity varies with game conditions. Empirically, defensive players allocate more attention, processing greater information and exhibiting smaller deviations from locally optimal positions when each point is more valuable, such as in close or late-game situations. Star players exhibit greater elasticity of attention with respect to expected possession value. These findings provide field evidence that agents dynamically optimize information acquisition with the marginal value of attention, offering the first motion-based measure of instantaneous information processing outside laboratory settings.