



The interactive impact of press freedom and media reach on corruption[☆]



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ABSTRACT

In this paper, we explore the joint impact of press freedom and access or reach of media (measured by internet or mobile access by the populace) on corruption levels of nations. We argue that press freedom and media reach (in other words, communication infrastructure) are complementary factors that should be looked at together while analyzing a media sector's impact on economic development outcomes like corruption. Based on estimated marginal impacts, we conclude that press freedom, by itself, curbs corruption, even for countries with lower media reach. However, as reach increases, the beneficial impact of press freedom in curbing corruption is enhanced — thus proving the enabling effect of media reach on press freedom in particular and on improved governance in general.

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1. Introduction

A free and independent press (devoid of government or private stronghold) is essential to the process of democratization¹ as a contributor towards development of informed public discourse, strengthening responsiveness and accountability of governments and for providing a pluralist platform for social and political expression (Sen, 1999). These roles enable a free press to be a powerful tool against combating corruption, as has been reiterated by extant research (Freille et al., 2007; Chowdhury, 2004; Brunetti and Weder, 2003). A free press increases transparency, reduces information asymmetry and generates greater monitoring power.

It is also widely accepted that media reach (“reach”, as coined by Islam, 2002) is an essential component of development strategy (Islam, 2002; Stiglitz, 2002). Greater access to media (print, broadcast, internet or mobile) results in greater access to more information and enables citizens to make informed decisions. The related transaction

costs to the society decreases and transparency improves. In this paper we argue that a free press and media reach are not necessarily synonymous. It is important to note that, by media reach, we imply communication infrastructure, and not the right to information aspect of free press. It is assumed that countries with a “free press” necessarily have the legal provisions for “right to information”.

While it is often argued that people mainly use media outlets (traditional or new media) more as a source of entertainment rather than source of information, the same is not supported by data. For example, if data on Indians' use of various media outlets for gathering information is compared across two waves (2005–07 versus 2010–14) of the World Values Survey, it can be seen that the reliance on media sources for information has only increased with time. In 2005–07, 52 and 61% of respondents revealed that they rely on newspapers and TV/radio news as their daily source of information respectively. The number has marginally changed to 48 and 50% respectively, in 2010–14. In 2005–07, the average Indians' reliance on mobile and internet for daily information was only 9%. This has increased to (~) 30% in 2010–14. Thus, on a whole, reliance on various forms of media as source of information is on a rise, and it establishes the importance of understanding its role in curbing corruption in conjunction with the status of press freedom in a country. Moreover, in line with the trend of greater reliance on new media (namely internet and mobile) as sources of information, our analysis uses people's access to these as the proxy for media reach. This is substantiated by research and anecdotal evidence that establish the importance of mobile phones and internet access in curbing corruption. Garcia-Murillo (2010) shows how greater access to internet helps

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¹ The integral role of press freedom has been explored in the context of several development outcomes – in improving government accountability (Sen, 1982, 1999) and in solving principal-agent problems (Stiglitz, 2002; Besley et al., 2002; Besley and Burgess, 2002). Studies like Djankov, McLiesh, Nenova and Shleifer (2003) have shown that state controlled media suffer from poverty, high infant mortality rates, higher corruption and less developed capital markets.

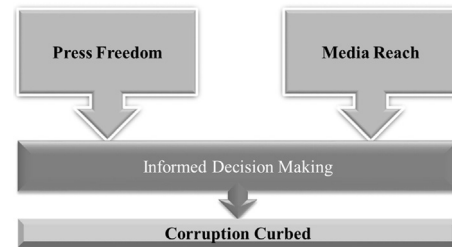
reduce government corruption. [Bailard \(2009\)](#) finds that the degree of mobile phone signal coverage across thirteen Namibian provinces is significantly associated with reduced perceptions of corruption at the individual level in these regions. Mobile phones and internet are also widely used tools of citizen engagement and grievance redressal systems used by international organizations implementing social and infrastructure related projects in developing countries to curb corruption and ensure proper service delivery from a beneficiary point of view. In the Philippines for example, during the 2010 presidential elections, the VoteReportPH project (that uses an Ushahidi² – based platform) encouraged voters to report electoral fraud and irregularities via SMS, email, Twitter and the website.

The reason we are investigating the effectiveness of various tools for reducing corruption is because of the fact that corruption is a rising menace that continues to threaten the global development landscape. As per Transparency International's Corruption Perception Index, in 2015, sixty eight percent of the world's countries (housing more than 6 billion people) suffer from serious corruption issues and half of G-20 are among them.³ Corruption is an overpowering menace that plagues economic development and growth of nations. It can range from bribery to nepotism and can be public as well as private. [Mauro \(1998, 1995\)](#) and [Iqbal and Daly \(2013\)](#) has shown the negative impact of corruption on economic growth as well as how corruption distorts the composition of government expenditure. [Dzhumashev \(2013\)](#) shows that the interaction between corruption and governance shapes the efficiency of public spending, which in turn, determines the growth effects of corruption. [Kaufmann et al. \(1999\)](#) has shown that presence of corruption hurts the poor more intensely relative to other sections and, thus, the distributional efficiency is affected. [Farooq et al. \(2013\)](#) uses data on Pakistan to conclude that corruption impedes economic growth and also has feedback effect on each other. Other studies have shown that quantitative trade restrictions shift resources from productive activities to unproductive rent seeking activities ([Krueger, 1974](#); [Bhagwati and Srinivasan, 1980](#); [Bhagwati, 1982](#)).

Considering the various ill effects of corruption, it is important that an economy should be institutionally strengthened to combat the same. Key in this regard is reducing paucity of information flows and keeping citizens rightfully informed about every event going on around them. Free flow of information is key in bringing about the desired accountability within a system which in turn increases transparency. The power of an informed society is unquestionable which is why dictatorial regimes restrict flow of information to begin with. We should mention here that education plays a huge role in the processing of information by the audience. More information does not necessarily translate to the 'right' decisions if the populace does not have the desired human capital. But, having said that, it can be reasonably assumed that free flow of information still adds to the transparency and monitoring capabilities of the society. Other than enabling educated citizens with greater power, by helping sensitization of a given issue it provides ways for the less educated to join in and raise their voices.

With the rise of the internet and mobile telephony, and with radio and television becoming more of normal than luxury goods, media's reach is all about ability to pay and infrastructure development. However, whether the information transmitted via these channels is unbiased is contingent on how free and unbiased the media of a particular country is. We treat press freedom and access to media as complementary factors and hypothesize that, together, these factors have greater contribution towards lowering corruption than each of

the factors individually. Our empirical model is built on the following framework:



The emphasis of our research is on the joint importance of press freedom and media reach. As a free press produces unbiased information, greater media reach would transmit the same to every nook and corner of the society. In this regard, the latter can be considered as an enabling factor for greater transparency and reduced corruption. For example, a video of Peru's one-time intelligence chief, Vladimiro Montesinos, paying a bribe to a congressman was leaked to the media in September of 2000. The resulting scandal brought down President Alberto Fujimori's ten year of autocratic rule. The incident proves how powerful information can be as well as the joint role of free press and access to media.

This paper has several contributions to the literature on press freedom and corruption. First, it addresses the critical yet less researched topic of interactive impact of a free press and media reach on corruption levels of a country. While previous studies have talked about the importance of access to media (radio, newspapers and television) on various aspects of economic development, most of the studies have investigated the relationship on a micro scale.⁴ Moreover, except for [Besley and Burgess \(2002\)](#), no other study has addressed the joint role of freedom of press and access to media together. [Besley and Burgess \(2002\)](#) considered only the case of India where they have talked about the importance of press freedom and media reach in the context of public policy. They have considered the decades after India's independence when radio and newspapers were the popular means of information dissemination in India. Over time, internet and cell phone boom have given a new dimension to the means of communication, especially in the developing world. As [Bandyopadhyay \(2006\)](#) puts it, the ICT (Information Communications Technologies) boom has made internet and cell phone the dominant means of access to information. Our paper considers an extensive panel of countries 159 countries over a recent time period of 14 years. Second, the paper uses robust econometric techniques (like dynamic panel estimations – system and difference GMM) to test the hypothesis. This allows us to overcome challenges associated with panel data analysis, like endogeneity. Importantly, it overcomes the challenge of finding exogenous instruments. Additionally, we estimate the marginal impact of press freedom on corruption for different levels of access to media. This helps us to analyze how the impact can change across our sample. Third, it brings forth an important implication from a policy perspective. While individually, a free press and greater access to media infrastructure are critical pre-conditions for curbing corruption, they are not sufficient. The presence of both together is the key in reducing corruption in an economy.

² The Ushahidi (witness in Swahili) first launched in Kenya during the 2007 election violence, which allowed citizens to use short message service (SMS) and e-mail to report acts of violence that were then mapped online.

³ <http://www.transparency.org/cpi2015>.

⁴ [Mondak \(1995\)](#) and [Brians and Wattenberg \(1996\)](#) look at U.S. counties and show how exposure to major newspapers and televisions lead to a well informed electorate. [Strömberg \(1999\)](#) examines a sample of U.S. states during the 1940s Presidential elections and show how greater access to radio increases the amount counties received as relief funds. [Federico and Finan \(2008\)](#) look at 669 randomly chosen municipalities in Brazil in 2005 and explain how dissemination of information on corruption facilitated by the media had detrimental impact on the incumbent's electoral performance. [Jensen and Oster \(2009\)](#) consider 2700 households in rural India and show how access to cable television empowered women and reduced incidences of domestic violence. [Aker et al. \(2011\)](#) study 161 locations in Mozambique in 2009 and show how different forms of voter education using newspapers and mobile SMS techniques are effective in driving higher voter turnout and electoral participation, while providing information about politics.

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