



# Media, institutions, and government action: Prevention vs. palliation in the time of cholera

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## ABSTRACT

This paper studies how media and the quality of institutions affect government action taken before and after a natural disaster. Provided that more media activity is focused on post-disaster action, we show that more media activity and better democratic institutions both contribute positively to the palliative effort after the disaster, although corruption has a negative effect that decreases as media activity increases. On the preventive effort, however, media and democracy both have a negative effect, as does corruption. We provide empirical evidence based on major cholera epidemics and other natural disasters around the world, which largely support these hypotheses.

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## 1. Introduction

Free press is considered to be one of the main pillars of a modern democratic society. The media feed information to citizens about otherwise opaque political processes, and informed voters are better able to hold elected officials accountable. A growing body of empirical evidence shows that media access increases citizens' political knowledge (Page et al., 1987; Bartels, 1993; Barabas and Jerit, 2009; Coyne and Leeson, 2009; Snyder and Strömberg, 2010), affects voter turn-out (Gentzkow, 2006; Oberholzer-Gee and Waldfogel, 2009), and can influence voting decisions (DellaVigna and Kaplan, 2007; Enikolopov et al., 2011; Chiang and Knight, 2011; Dilliplane, 2014). Moreover, related studies report the effect of media on actual policy outcomes. For example, Besley and Burgess (2002) provide empirical evidence from India showing that more media activity increases government responsiveness to disaster relief. Cross-country studies by Brunetti and Weder (2003) and Freille et al. (2007) suggest that more press freedom leads to less corruption. Strömberg (2004a) shows that U.S. counties with higher radio penetration received more public funding for unemployment relief under the New Deal programs that were implemented in response to the Great Depression. Eisensee and Strömberg (2007) examine emergency aid response to worldwide natural disasters by the U.S. government and show that relief decisions are driven by news coverage of disasters.

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For several reasons, however, the media are no panacea to inefficient or corrupt behavior of elected officials. First, the media in some societies can be subject to political influence or censorship, and the captured media cannot function as a provider of transparent information (Besley and Prat, 2006).<sup>1</sup> Second, the physical and financial constraints facing the demand and supply side of the media market imply that only limited areas of government activities can be covered by media reports. On the demand side, consumers allocate only a fraction of their time to the consumption of news and, as argued by Mullainathan and Shleifer (2005) and Gentzkow and Shapiro (2006), they would prefer reading news that is more likely to confirm their prior beliefs. On the supply side, profit-maximizing media companies allocate limited budget, air time or newspaper pages to news that is more likely to attract a larger audience. As a result, only limited areas of government activities can be covered by news, and media presence is more likely to improve policy outcomes in those areas that receive more media coverage. Indeed Snyder and Strömberg (2010) show that local jurisdictions in the U.S. that receive less media coverage have less informed voters, which leads to political representatives that exert less effort on federal level and ultimately receive less federal funding.

This paper contributes to the above literature by looking at the differential effects of media coverage and the quality of democratic and bureaucratic institutions on different types of government activities. Given that media coverage is selectively based on the media's own objectives that may not be consistent with overall efficiency, more media attention in one area of government activity may shift more resources to that area even though it may not be socially efficient to do so.<sup>2</sup> To the extent that voters are informed of government action through the media, more developed democracy can exacerbate this problem since election results matter more in a more democratic society. Thus a democratic society where voters form their political views mainly through the media is potentially susceptible to inefficient resource allocation. The inefficiency worsens as the media's objectives deviate further away from social welfare, as more voters are informed through the media, as election results matter more in the eventual change of government, and as bureaucratic institutions are more corrupt.

An empirical analysis of the differential effects of media coverage on government action faces the difficulty that some public goods may be of greater interest to the general public than others. The correlation between more media coverage and better policy outcomes could therefore be jointly driven by an intrinsic interest of the electorate. One way to approach this problem is to find an example of a public good where two types of government action are needed in the provision of the same public good but differ in their level of attractiveness for media coverage. In this case, politicians face the problem of allocating limited budget between a newsworthy action and a less newsworthy action. We believe that the public provision of protection against natural disasters is a plausible example. It is well-known that the effort to mitigate the damage from a natural disaster can be put in both before – called the preventive effort – and after – called the palliative effort – the disaster (Cohen and Werker, 2008), and the government's preventive effort is often less newsworthy than its palliative effort. In addition, using natural disasters as an empirical application has a further advantage that they provide measurable outcomes such as the probability of an event or the number of fatalities that are directly comparable across countries. Finally, in some natural disasters such as epidemics, efficiency may require more resources be allocated to the preventive effort<sup>3</sup>; in others such as earthquakes, speedy and organized palliative effort can be more crucial. Thus focusing on natural disasters also has a potential for a normative analysis of the relation between media activity and government action.

Our theoretical model extends Besley and Burgess (2002) to the case where the incumbent politician with re-election concerns chooses both types of effort, the quality of democracy is proxied by the extent to which election results are relevant, and the quality of bureaucratic institutions is represented by corruption in policy implementation (Goel and Nelson, 2011; Goel and Saunoris, 2014; Lamsdorf, 2006; Rasmussen, 1999). The incumbent's preventive effort can reduce the likelihood of epidemic outbreak while the palliative effort can reduce the number of fatalities from the epidemic. Voters are informed of the incumbent's effort only through the media, and profit-maximizing media choose to report news that is more newsworthy. Given that urgency matters in news reports, we assume that the media are more likely to cover the incumbent's palliative effort than the preventive effort. It follows then that more media activity increases the incumbent's palliative effort since it raises the chance the incumbent wins the election. More democratic institutions imply election results are more relevant, which again raises the marginal value of palliative effort. On the other hand, the effect of media and democracy on the incumbent's choice of preventive effort runs in the opposite direction. This is because the preventive effort lowers the likelihood of epidemic outbreak and, since more media activity increases the marginal value of the incumbent's palliative effort which is relevant only in the event of epidemic outbreak, more media activity lowers the marginal value of the incumbent's preventive effort. Because media activity and the quality of democracy are complementary to the incumbent, more democratic institutions also lead to a lower level of preventive effort.<sup>4</sup> Finally, the effect of corruption on government effort is negative in both stages as it raises the marginal cost of effective effort. But the negative effect of corruption on palliative effort diminishes as media activity increases since media scrutiny makes it more difficult for corruption to persist.

<sup>1</sup> Although such media capture is more likely in less democratic societies, Egorov et al. (2009) provide an argument and supporting evidence that resource-poor dictatorships are more likely to allow free media compared to their resource-rich counterparts.

<sup>2</sup> Drèze and Sen (1989) discuss the differential effects of media on government action in regards to hunger and famine in India. They argue that media coverage of such a dramatic event as famine pressured the government to act without delay, which explains the absence of famine since India's independence in 1947. On the other hand, less newsworthy 'silent hunger' that kills millions in a slow and non-dramatic way still persists. Another related story can be found in Jayasuriya and McCawley (2010). During the 2004 Asian tsunami, the western media tended to focus on stories about the plight of western tourists caught up in the tsunami although less than one percent of those who died were tourists. It also meant that popular tourist locations in Thailand received extensive media coverage while far-flung places in Indonesia and Sri Lanka that were much more severely affected by the tsunami received less attention. Thus Thailand was inundated with offers of assistance from governments, multilateral donor agencies, corporate and community groups, and individuals.

<sup>3</sup> For example, the provision of safe drinking water can all but prevent the outbreak of cholera epidemic.

<sup>4</sup> Although our model is based on an epidemic where the two types of effort interact in a specific, temporal fashion, the main logic continues to hold in other types of natural disasters. For example, suppose the probability of disaster is exogenous and both types of effort can only reduce the size of damage. Then if more media activity increases the palliative effort, it will increase (decrease) the preventive effort if the two types of effort are complements (substitutes). This is discussed at the end of Section 3.

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