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# Media and Quality of Government: A research overview

Henrik Oscarsson

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THE QUALITY OF GOVERNMENT INSTITUTE  
Department of Political Science  
University of Gothenburg  
Box 711  
SE 405 30 GÖTEBORG

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Henrik Oscarsson  
The Quality of Government Institute  
Department of Political Science,  
University of Gothenburg  
Box 711  
SE 405 30 Göteborg, Sweden  
[henrik.oscarsson@pol.gu.se](mailto:henrik.oscarsson@pol.gu.se)

## GOOD MEDIA AND QUALITY OF GOVERNMENT

There is a wide spread belief that democracy and good governance thrives on the flow of information. The “role of the media” is generally regarded as critical in promoting good governance and controlling corruption. In numerous policy proposals and general recommendations from international actors (i.e. the World Bank, UN, OECD), the importance of a free press in curbing corruption is being heavily emphasized. Economic research on corruption lends empirical support for a strong relationship.

Around the globe you find a striking unanimous support of the general idea that the mass media has a key role in processes of establishing and maintaining well functioning government institutions. General elections, political scandals, and misuse of public funds make great news stories. In theory, a system of independent, competitive and pluralistic media will provide the flow of information needed to upset public opinion over wrongdoers among public officials, help voters effectively “vote the rascals out” at elections, and initiate and monitor processes of policy change or institutional reform that eventually may serve to elevate government institutional performance. Once the mass media are allowed to operate freely, it will serve as a fourth estate within the framework of a prospering liberal democracy.

The research project “Good Media and the Quality of Government” aim to elaborate further the general relationship between transparency (press freedom) and Quality of Government (corruption). This paper provide a general overview and critical assessment of the theoretical foundations and research findings concerning the nature of the relationship between press freedom and corruption.

As the number of studies of the focal relationship amasses, there is now a strong need for improved theory and sharper measurements of a wider range of characteristics of the *media structure* and *media system* in countries and regions around the world. I argue that, in order to make better policy recommendations, we need research that can identify more precisely *what components* of free press that are most important in a journey towards good governance. To reach this goal, research need to focus on the developing of hypotheses and the search for more and better indicators of the subcomponents of the global concept of press freedom. I believe that there is still much work to be done collating existing data from studies in mass communication research, journalism studies and other sources. This work will provide media data with better resolution that eventually will enable us to perform more powerful tests and systematic elaborations of the seemingly strong relationship between free press and corruption.

### PART I: THEORY

In contemporary research, there are countless statements that emphasize the importance of mass media in processes of democratization and economic development. However, it remains unclear what kind of causal mechanisms that is thought to produce the relationship between press freedom and corruption. Surprisingly, in most empirical studies, there is little or no theoretical discussion about what causal mechanisms are operational. Rather, most researchers seem pre-occupied with problems of data and estimation. At this stage, the global concept of

press freedom is too broad to be fruitful in a more detailed analysis. We simply do not know much about what subcomponents of “free press” are more important than others at what stage of development. And even worse, we still lack well founded hypotheses about what forces that drive the relationship or condition the strong effects of free press on corruption.

Clearly, most research on free press and corruption is dominated by economics, both theoretically and methodologically. One important underlying assumption is that *availability of information* is a crucial determinant of the efficiency of economic markets. Analogous assumptions are being made about political markets. For instance, citizens require information to become knowledgeable and make intelligent voting choices. Supposedly, the free media serve as the intermediaries that collect information and make it available to citizens.

As noted by other observers (Lindstedt and Naurin 2008), the standard point of departure in many analyses is an application of a principal-agent model to the problem of corruption and underdevelopment. In this case, the principal are typically citizens/voters and the agent are politicians/bureaucrats.<sup>1</sup> The origins of corruption can be traced back to an information asymmetry where the agent have an information advantage over the principal. In short, this asymmetry can be overcome with more system transparency – often defined as the *amount* of information and *accessibility* of information.

Citizens’ general accessibility to information is the heart of all principal agent models: Theoretically, a free press will serve to improve citizen’s accessibility to information which in turn will make it more difficult for politicians and public servants to cover up or get away with corrupt behavior (Lindstedt 2006). The same reasoning backs up the idea to fight corruption through the mechanisms of electoral accountability: well informed voters can effectively vote corrupt officials out of office (Beasley and Prat 2001). The implicit assumptions become a matter of probabilities: The freer the press the higher the probability that the mechanisms of electoral accountability will curb corruption. A precondition is of course that free and fair democratic elections actually take place.

From my perspective, the principal-agent models are far too holistic and too general to be of any practical use in future research. The main causal mechanism – that free media automatically will provide citizens with information relevant for monitoring public officials – is too simplistic. There are just so many things that may go wrong in this suggested process. There are too many intervening variables that must be explored. And a causal chain can never be stronger than its weakest link.

Given what we know from countless evaluations of media coverage of elections in established democracies (see for example Asp 2006), the assumption of a direct relationship between free press and a well functioning electoral democracy seems naïve. Not even in established democracies the collective free press can automatically or regularly fulfill the normative requirements of impartiality and neutrality. The

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<sup>1</sup> “Corruption ordinarily refers to the use of public office for private gains, where an official (the agent) entrusted with carrying out a task by the public (the principal) engages in some sort of malfeasance for private enrichment which is difficult to monitor for the principal” (Bardhan 1997).

performance of media actors also vary between actors. And far from all reporting provide citizens with information that is useful for evaluating government performance or is helpful for holding office holders accountable (Esaiasson and Håkansson 2002).

#### *Coyne and Leeson*

Free media is also often presumed to be a catalyst of economic development. According to Coyne & Leeson, media is a key institutional mechanism for achieving a successful policy mix that promotes economic development (Coyne and Leeson 2004). In their words, media can turn potential games of conflict into games of coordination, making it possible for countries to escape from a trap of underdevelopment, non-cooperative behavior, and unhealthy institutions. But how? The standard way of reasoning is that an effective media *lowers the cost of information* in a society that makes it possible to overcome the *asymmetry of information* between the principal (citizens) and the agent (government). The underlying mechanism seems to be, again, that the more information that is accessible and can be distributed to the citizens by the media, the easier it gets to coordinate efforts in developing societies.

Coyne and Leeson convincingly illustrate that mass media can make a difference. In their case studies of the transitions of eastern European states they identify i) countries where the media has positively affected a successful economic development (Poland and Hungary), ii) countries that illustrate unsuccessful attempts and where lack of a free press is isolated as important explanation (Ukraine) and iii) countries where media can be seen as a necessary but not sufficient mechanism for overcoming a reformers dilemma (Bulgaria).

#### *Macdonell and Pesic*

There are of course numerous ways in which mass media potentially can make a difference in curbing corruption. The dual role of mass media is to raise public awareness about corruption and investigate and report incidents of corruption. In a research anthology published by the World Bank, Rod Macdonell and Milica Pesic (2006) identify eight ways that the media can directly affect the incidence of corruption: exposing corrupt officials, prompting investigations by authorities, exposing commercial wrongdoing, reinforcing the work of anti-corruption offices, providing a check on anti-corruption offices, promoting accountability at the polls, pressuring for change to laws and regulations, and encouraging officials to avoid adverse publicity. Similar lists, accompanied by illustrative narratives from around the world can be found also in other World Bank publications (Stapenhurst 2000).

However, there are no systematic data on the overall performance of the free press: At what frequency and regularity are media actors in different countries *actually* performing all these good deeds of flooding citizens with relevant information? What is the actual capacity for free media actors to engage in corruption-curbing activities of this sort?

In addition to subcomponents of standard free press indicators (degree of pluralism, independence and competitiveness), additional media variables measured at a higher resolution should also be included in our models if we want to learn more about what media institutional settings or environments that impacts good governance in general and corruption levels specifically.

Tentatively, and following Kleinstuber (2004), the projects aim is to identify and empirically evaluate potentially important subcomponents of free press indicators at three different levels: a) *the system level* (macro), b) *organisation level* (intermediate), and c) *the content/output level* (micro). The goal is to be able to uncover the supposedly large variation (and explanatory power) in media system variables, and to measure intervening variables that help explain why there are so strong relationship between free press and corruption.

The system level (a) covers the global and national media system – laws and regulations, the degree of commercialization and centralization, the ownership structure (Djankov et al. 2003), the relationships between mass media elites and other elites, the degree of citizens’ media dependency of political communication and the press/television ratio in citizens’ consumption, the quantity of partisan media, and the status of public service media .

The organisational level (b) covers the policies of single media actors, the training of journalists and journalists’ democratic beliefs and role conception, and the editorial dependency of sources.

The content/output level (c) covers the quality, quantity and diffusion of the actual media content. The actual extent of investigative journalism, the content of media coverage of election campaigns.

## **PART II: OVERVIEW OF FINDINGS IN PREVIOUS RESEARCH**

In recent comparative analyses of the general relationship between media and quality of government (QoG), the intuitive impression of the potential importance of the media – that “free press is bad news for corruption” – has been strongly supported. Common indicators such as *the degree of free press* (Brunetti and Weder 2003; Chowdhury 2004; Norris 2004) and *the level of news paper circulation* (Adserà et al. 2003) show strong and robust direct effects on levels of corruption, also with alternative measurements and when other important explanatory variables are being accounted for. There also seem to be a general agreement on the main direction of causality in the literature: that a freer press generate lower corruption and not the other way around (Ahrend 2002).

In the literature, there are some good examples of inspiring elaborations of the focal relationship that I believe will advance our knowledge and even help us make better policy recommendations.

### *Lindstedt and Naurin*

Catharina Lindstedts and Daniel Naurins study of the relationship between transparency and corruption is an illustration of how a more elaborate analysis can qualify our knowledge substantially (Lindstedt and Naurin 2008). Their claim, which is substantiated by empirical results, is that just making information available will not prevent corruption unless there are favourable conditions already in place for publicity and accountability, i.e. media circulation, free and fair elections, and an educated electorate.

Lindstedt and Naurin also attempts to develop the oversimplified principal-agent model. They argue that we cannot take for granted (as economists seem to do) that transparent information about the agent will always reach the principal no matter how available or accessible the information is. Economists have failed to acknowledge that there are costs involved in obtaining information. Lack of demand, lack of mediators and citizens' lack of capabilities to process the information can hinder a development towards good governance. The authors conclude that "increasing the chances of publicity and accountability strengthens the power of transparency to reduce corruption".

#### *Ahrend*

Another study that demonstrate the necessity of estimating interaction effects in explanatory models of corruption is Rudiger Ahrends (2002) study of the impact of *human capital* (education) on *corruption*. His analyses show that the nature of the relationship depends on the *monitoring capacities of the civil society* (press freedom). Only in countries where press freedom is well developed there is a positive effect of education on corruption. But in countries where civil monitoring (press freedom) is low, education increases corruption. This is another example of elaboration that lead to improved or nuanced policy recommendations, in this case that it may be counterproductive to initiate efforts to improve schooling and education in countries that score low on press freedom.

#### *Freille, Haque and Kneller*

In the most elaborate and complete analysis of the focal relationship between free press and corruption (Freille et al. 2005), authors also arrive at the same general conclusion about the effects of free press on corruption using a large time-series cross-section regression analysis in combination with an EBA-analysis (Error Bounds Analysis). The results evidence a close relationship between press freedom and bureaucratic corruption, thus confirming the findings of earlier research. In their models they control for wide set of variables found consistently related to corruption in previous empirical studies (see fc Treisman 2000).

The Freille, Haque and Kneller study also confirm that analyses of *subcomponents* of inclusive press freedom indices is a fruitful enterprise in pushing the research forward. Interestingly, their analyses reveal that the subcomponent *laws and regulations* of the popular Freedom House press freedom index (see description below) fail to qualify as robust, while the two other subcomponents – political and economic pressures on the press – prove to be robust to changes in model specification. In other words, the results suggests that it is the *political environment* and *economical environment* (in that order), and not *laws and regulations*, that is driving the strong relationship between press freedom and corruption.<sup>2</sup> Authors conclude that the improvements in certain categories of press freedom thus can have an important impact on corruption. Reducing *political* influence on the media may be the most effective way to reduce corruption levels (Freille et al. 2005).

### **PART III**

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<sup>2</sup> The primary reason for the loss of significance of the laws and regulations subcomponent of the FH Press Freedom index can be traced back to three variables: proportion of protestants, a dummy for scandinavian legal system, and a dummy for party list system. When these variables enter the analyses, the effects of laws and regulation are reduced.

## OVERVIEW OF EXISTING DATA

Surprisingly, in contemporary research into mass communication and journalism, comparative studies with large-n designs are still quite rare. In most cases, more in-depth comparisons of mass media (journalists, media structure, etc) include only a handful of countries. However, recently published articles within economic research show that new data collection efforts may prove to be quite fruitful.

The two most accessible sources of data on Freedom of the Press come from the Freedom House (FH) and Reporters Sans Frontières (RSF). Most of the empirical studies of the relationship between free press and corruption has been using these sources. Below, I will briefly introduce these two data sources.

The FH Press Freedom index is made up of 23 evaluative indicators of press freedom trying to tap the “degree to which each country permits the free flow of information”. The indicators focus on the preconditions of press freedom and cover three categories: 1) *the legal environment*, i.e. basic descriptions of the laws and regulations that could influence media content and the media’s ability to operate freely; 2) *the political environment*, i.e. the degree of political control over the content of news media, official censorship and self-censorship, and whether journalists are subject to harassment or punishment from the state or other actors; and 3) *the economic environment*, covering the overall economic situation in the country, the structure, transparency and concentration of media ownership, and the impact of corruption and bribery on media content.

The Press Freedom index vary from 0 (Most Free) to 100 (Least Free). The evaluations are based on compilations from a large number of sources such as correspondents overseas, staff and consultant travel, international visitors, and representatives from other global organizations. Numerical data available for the period 1994-2006 (print and broadcast). In 2002 the index covered 193 countries and ranged from 8 (Iceland) to 96 (North Korea).<sup>1</sup> The FH Press Freedom index is made up by three subcomponents (legal (0-30), political (0-40) and economical environment (0-30)). The subcomponents are highly intercorrelated, correlations ranging from  $r=.64-.95$  (Freille et al. 2005). All subcomponents of the FH index will soon be a part of the standard QoG data set. However, Freedom House is unfortunately very reluctant to release detailed information of the single indicators used for constructing the FH index (no free flow of information there).

The RSF Press Freedom index is based on a compilation of 50 indicators of press freedom violations collected with a questionnaire to correspondents, journalists, researchers, jurists and human rights activists. Most of the indicators are the actual number of journalists that was murdered, tortured, kidnapped, disappeared, imprisoned, put under surveillance or sacked. There are also indicators of the existence of state monopolies, opposition news media, and controlled access to journalist professions. In 2002 the index covered 135 countries and ranged from 0,5 (Finland) to 97,5 (North Korea).

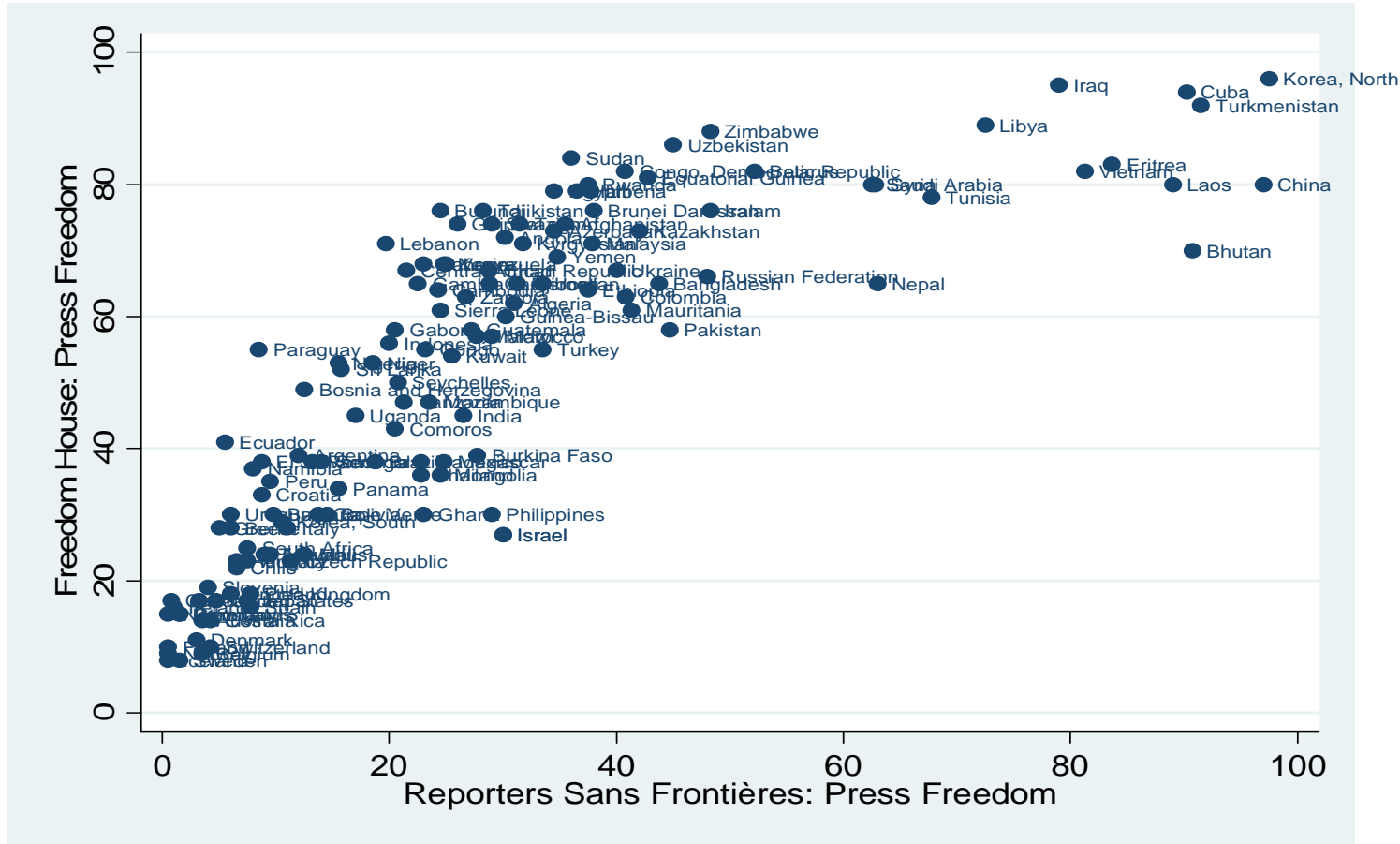
The rank correlation between the RSF “press freedom violations”-index and the FH broader-in-scope “press freedom preconditions”-index in 2002 is high ( $\rho=.89$ ), indicating that the indices produce very similar ranking of countries. However, the linear correlation is lower ( $r=.81$ ) because of a slightly curvilinear relationship (see figure 1): RSF discriminate more than FH for countries with



poorly developed press freedom. At the same time, the disagreement between the two indices is also higher at the upper end. For example, in Nepal, violations of press freedom (RSF) are higher than what we would expect from Nepal's score on the FH index.

The general indices of press freedom is not without criticism. Shelton Gunaratne (2002) identify three shortcomings with existing measurements of press freedom. 1) Firstly, they emphasize on the nation state as if each state were independent of the outside world. He argues that a press freedom index is incomplete and inaccurate without factoring in citizen's ability to access exogenous media. In an era of globalization, the "flow of information" does not stop at countries' borders. 2) Secondly, the indices still cover mainly two traditional endogenous media: print and broadcasting. New sources of information such as the Internet still weigh lightly into the measures. 3) Thirdly, all indices assume that press freedom is primarily freedom from *government* incursion, although one may assume that commercial, institutional and other interests are vital in constructing a more accurate index of press freedom.

**Figure 1** The relationship between FH Press Freedom Index and RSF Press Freedom index.



In conclusion, to be able to heed Gunaratnes call for better instruments of press freedom, we need to get access to the subcomponents of existing index, and complement existing media data with data from other sources. As indicated earlier, in the economic literature, press freedom indicators is being used as a proxy variable for citizens' accessibility of information. By collating more media data, I believe that we can construct far better measures of the "quantities and qualities" of the information that are actually available to (and in fact also processed by) citizens in a given country.

## SUMMARY

I agree with Samarth Vaidya (2005) that most of the economics literature has taken a naïve and non-critical view of the media's role in curbing corruption. I believe that the relationship between government and the media is far more complex than any principal-agent model can account for. The presumptions that free press automatically will set all good things in motion is simply to good to be true. Taking the actual content of information into account, Vaidya concludes that "media's ability to deter corruption in governance is far from unequivocal once we allow for settlement possibilities, contestable evidence, and false allegations" (Vaidya 2005).

I believe that corruption can also thrive from a "flow of information". Also in countries with advanced press freedom, I can think of many ways in which information in the media can be flawed, skewed, insufficient or simply irrelevant to citizens when evaluating government performance. In such cases, the information will be worthless to citizens who wish to monitor public officials or hold representatives accountable at elections.

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