

Press Control and Socioeconomic Development: What can Laos learn from the world?

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5. Conclusion

Evidence from 168 countries indicates that PCI and per capita GNI are inversely related, with high-income countries having lower PCI and low-income countries tending towards higher PCI. A second experiment, using only countries with less than \$5,000 per capita GNI, 125 of them, also shows a strong inverse relationship between PCI and per capita GNI. That is, countries in which governments exercise strong control of the press tend to have lower per capita income than those with more moderate government interference.

High PCI is a reflection of government's desire to attain high level of control over its citizens by means of controlling and restricting the press and MIA industries as a whole, comprising of media industry, intellectual industry, and art and entertainment industry. Continued, strong government control could hamper the economy directly and indirectly. Government strict control affects the economy directly by preventing or hindering private investment in the industry, thereby retarding income and job growth. It also penalizes citizens with special talents and abilities in art and intellect, costing society in the form of lost talents and human potentials. The indirect effects, which are more significant in strength and scope than the direct effects, have various aspects, some are revealing and, others, hidden. The various aspects of indirect effects include linkage effects, human capital effect, cross-industry escalation effect, institutional rigidity effect, and inequality effect.

The backward linkage effect operates through the MIA industries' purchases of inputs from other industries while the forward linkage effect operates through the consumption or use of outputs the MIA industries produced. In addition, incomes workers earned in the MIA and all related industries would be spent on products and services further create more jobs and income elsewhere. Countries with high PCI tend to have less literary products and less useful information society members need for daily decision-making and for future planning. It also restrains human capital advancement required to sustain growth. The means through which governments in authoritarian countries assert their control cross over and beyond the MIA industries to other industries, including the prohibitions or restrictions on private investment and operation in industries such as financial service, legal service, education, healthcare, and trade. Governments often monopolize banks and hospitals, and private higher education institutions are restricted from offering programs that are more advanced than public institutions.

Countries with high PCI tend to be institutionally rigid and resist changes and institutional dynamics that are efficiency enhancing. Laws, regulations and administrative procedures are often counterproductive, for they raise transaction cost or prohibit productivity-enhancing activity and investment. Institutional rigidity preserves inefficiencies in government and society at large, which usually took the forms of time and resource wasted on compliance—to comply with unnecessary and counterproductive administrative procedures, misused, mismanagement, incompetence, and leakage of public resources in government. These have been the major causes of continual under-funding public programs and irregular payments of the under-living wages for civil servants.

Government control of the MIA industries could exacerbate income inequality by making useful information a more scarce resource than what would be in its natural state. Strong government control often turns useful information, which would otherwise be available widely to the public, into a luxury good that is accessible by a few, better-off and well-connected individuals. This is an unintended consequence that discriminates against the poor and disadvantaged.

High PCI does not open a channel for the press, individuals, and independent civil groups to freely express problems that exist in government and society at large. Thus, problems that need proper attention by government and society members are either ignored or quibbled by some party members and remained unsolved. In addition to voicing concerns, independent civil groups could perform many functions that benefit society, including those in health care, education, environment, and community development, among others. Especially in poor countries, where governments have limited resources and capacities, civil groups could draw additional resources from private sources to perform functions that benefit society. Strong government control closes these options to society.

A robust economy and society requires competitive environment in both business and politics. Businesses are more active, more responsive to demand, and more efficient in a competitive market environment governed by laws and regulations that assure justice, promote fairness, and protect individual consumers as well as producers with the least possible negative effect on efficiency. The same principle applies to government. An active, responsive, effective and efficient government can emerge only in a competitive political environment that is effectively governed by laws and regulations that assure justice, promote fairness, and protect individual rights and freedoms.

There is rich evidence extending over the globe and time suggesting that freedom of speech has been a major key to social and economic advancement throughout world history. Freedom of speech in both formal and informal settings allows society members to freely exercise their intellectual capacities, thereby maximizing their potentials. The press, as a medium that disseminates information, is a mechanism that allows members in the society to share information and knowledge learned, organized and put together by others. In the process, knowledge spreads throughout the society, which further advances understanding and know-how. The market can facilitate these processes more efficiently than any government in the world can.

Future study: The impact of a changing CPI on economic growth is more likely a gradual, over time than short-term, immediate impact. An econometrics analysis of many-enough years of data (15-30 years?), using a dynamic model would be more revealing than using cross-sectional data of countries in a single year. The relationship between per capita GNI growth rate and CPI can be analyzed using a pooled data set of multiple countries over time. A regression of the PCI on the per capita GNI growth rate over time can be performed to valuate the impact of changing CPI on economic performance gauges by per capita GNI growth rate. In addition, because the effects of press freedom on the economy operate largely through industries through indirect channels, an industry level analysis will be of considerable contribution. The insight into how government control of the press affects the economy can be inferred from the industry level analysis.