

# The Media

*One of the objects of a newspaper is to understand the popular feeling and give expression to it; another is to arouse among the people certain desirable sentiments; the third is fearlessly to expose popular defects.*

—Mahatma Gandhi

The first records of written news stretch back more than two thousand years to the Han dynasty in China and to Julius Caesar's reign in ancient Rome. Daily handwritten news sheets, circulated by the government, presented news on trials, military campaigns, and political developments. After the invention of a printing press using movable type in the mid-15th century, international commerce became the main impetus for newspapers in Europe. Newspapers with international commercial news and advertising appeared in Germany in 1609 and spread rapidly throughout Europe.<sup>1</sup> (Because of tight government regulation of information, domestic political news became a feature in newspapers only in the middle of the 19th century.)

The press also became an impetus for commerce. Newspapers gave accounts of commercial voyages and the risks and opportunities of new trading routes. Advertising stimulated the demand for products. Frequent features of financial reports, insolvency proceedings, and trials of merchants and manufacturers helped merchants choose their business partners. All this information expanded trade links beyond tightly knit trading associations and communities, stimulating competition among traders and manufacturers from different nations.

Today, with higher literacy rates, lower printing costs, and new broadcast technologies (and the Internet), the media are even more important in informing traders, consumers, and investors. The vernacular media, partic-

ularly radio, carry information and encourage commerce in geographically isolated markets. In Indonesia, for example, local-language radio broadcasts of agricultural prices helped develop vegetable markets for poorly educated farmers.<sup>2</sup> At the other end of the spectrum, the growing global and foreign media report on international economic issues, moving currency markets and international trade. The media also provide information on political markets, exposing corrupt and unethical politicians (box 10.1) and giving people a platform to voice diverse opinions on governance and reform (chapters 5 and 6).

Because of their reach, the media can inform poor and marginalized people, giving them voice as well. Radio broadcasts reaching poor areas where illiteracy is high are particularly effective in this. And because of the media's ability to provide information otherwise unavailable, they can supplement traditional school education (box 10.2). In Nicaragua, for example, an innovative radio program to teach mathematics to primary school students improved test scores, especially for children in rural areas with less access to quality schools.<sup>3</sup> Publicizing information through the media has also made public services more responsive to the poor. In Brazil, for example, school lunches in one state cost eight times as much as those in another state. With media publicity, prices were equalized at the cheaper rate in two weeks.

The media can also improve public health efforts, as demonstrated by successful AIDS education campaigns in Thailand and Uganda. Empirical studies show that women's access to the media is associated with better health and fertility outcomes, even after accounting for different income and education.<sup>4</sup> The media are also involved with civic education as well—

### Box 10.1 The media's role in reducing corruption in Peru

Even in a country with regulatory and informal controls on the press, the media can expose corruption and increase pressure for better governance. In September 2000 a local television station broadcast a video that showed the national security chief bribing an opposition member of Congress in return for voting for the incumbent government. The story spread rapidly in other publications, compounded by reports that the security chief was smuggling arms to Colombian guerrillas. The revelations led to his dismissal and in November 2000 to the resignation of the president. Following these events, the newly elected president announced his intentions to fight corruption.

This shows how the media can change the incentives for corruption for public officials. By providing information to the public, the media increase transparency of government action. The *risk of exposure* of corruption is therefore higher with effective media. The media also help build the public consensus required to fight corruption—creating the public disapproval that presses corrupt agents to resign—raising the *penalties for corruption*.

a study in Botswana showed that media programs about the government, its procedures, and civil rights substantially increased people's knowledge about ways for them to participate in government processes.<sup>5</sup>

And the media can affect politics and culture, supporting institutional change and market development. Open information flows can promote institutional reform by affecting people's incentives and by sharing ideas and knowledge. New information can change people and culture—and create demand for new institutions. Information on how other institutions work can stimulate public debate and facilitate collective action. And greater access to all media, including the foreign and the vernacular, can provide a voice for social groups to press for changes in institutions and norms of behavior.

To achieve these outcomes—improving governance and supporting markets—the media need to be independent, accountable, and able to provide relevant information and reflect diverse social views. Too often, however, the media do not have these qualities. Concentrated ownership, restricted competition, financial dependence, and onerous regulations on press freedom distort the provision of information and can reduce independence. Poor access to information and the low capacity of journalists also reduce the quality of information. Finally, lack of competition, as well as poverty and low levels of literacy, human capital, and technology, can limit the reach of the media.

### Box 10.2 Improving education through the media in Panama

The commercial Panamanian daily *La Prensa* designed a six-week educational supplement to its Sunday edition in May–July 2000, targeted to children in first and second grades. Since textbooks were seldom updated in Panama, *La Prensa* editors felt that students lacked basic information on their country. Providing a course in the history, geography, and politics of Panama, the supplements could be fitted together in a special album provided by the newspaper to interested readers by mail. The contents included new information previously unavailable to students, such as an updated political map of Panama. Many schools added the supplements to their curriculum, and the newspaper donated copies to 140 primary schools.

The cost of the album and the six supplements was \$3 (free to subscribers). Circulation increased from 35,000 copies to 42,500 in the weeks that the supplements came out, and added advertising more than offset the extra print costs.

Source: *La Prensa*: [www.prensa.com](http://www.prensa.com)

But the media also need checks and balances. And competition in the industry, as well as some kinds of regulation, keep the media in check.

The main factors that make the media effective in producing better social, economic, and political outcomes—independence (including accountability), quality, and reach—are discussed here. First, effective media are independent. Higher levels of perceived media freedom or independence are associated with lower levels of perceived corruption, regardless of differences in a country's level of income, and with better responses from public actors.<sup>6</sup> Second, effective media provide high-quality reporting, defined as the capacity to provide information demanded by diverse market agents in society. Competition among media firms, open access to public and private information, and journalistic capacity are key elements affecting quality. And third, effective media have a broad reach in society. Literacy, access to communications technologies, and the removal of entry barriers all expand the media's reach.

Complementary institutions can strengthen the role of the media. For example, while information provision can affect behavior through reputational penalties, it may not be sufficient to change outcomes. An effective judiciary and independent regulatory agencies can strengthen the media's effect on outcomes.

## Independence

### *Ownership is a principal determinant of independence*

What determines independence? Ownership is a central factor because it is the owners who control information flows and thus influence economic, political, and social outcomes. That is why control of media enterprises is likely to be concentrated in the hands of a few individuals or politicians.<sup>7</sup>

Some analysts have argued for state ownership of the media, asserting that information is a public good. Once supplied to some customers, it is costly to keep it away from others who have not paid for it. So the commercial media tend to provide less information than is desirable because they cannot extract a private return. In addition, the provision and dissemination of information are subject to strong increasing returns. The fixed costs of gathering information and establishing distribution facilities are significant, but once these costs are incurred, the marginal costs of making information available are relatively low. For these reasons, many countries have made a case for organizing the media industry as a government-owned monopoly.

Another argument for public ownership is consumer protection. In the extreme form, private ownership is seen to corrupt the media industry by serving a narrow

interest group in society. More moderate is the view that state ownership of some parts of the media is justified because the public needs to be exposed to educational and cultural information, or public values, that privately owned firms might not provide. For example, one of the objectives of publicly owned television in many European countries is to ensure broadcasts of locally produced content in local languages.

Critics of these views counter that government control of the media could distort and manipulate information in the incumbent government's favor, undermining markets and precluding voters and consumers from making informed decisions. They believe this to be less likely with private media enterprises, which might also be more responsive to consumer demand for better-quality information.

*Ownership structures around the world.* A project for this Report gathered new evidence on the ownership structures of the largest five newspapers and five television stations in each of 97 countries (box 10.3).<sup>8</sup> It found state ownership to be pervasive (figure 10.1). On average, the state controls about 30 percent of the top five newspapers and 60 percent of the top five television stations in these countries. The state also owns a huge share—72 percent—of the largest radio stations. Moreover, private ownership is mostly in family hands

### Box 10.3

#### Measuring media independence through data on media ownership

As with many institutional indicators, the data on media independence are based on analysts' assessments. Several indexes have been constructed, the most comprehensive by Freedom House in its annual survey of press freedom, which appraises media laws, repression of journalists, and economic and political influences on the media.

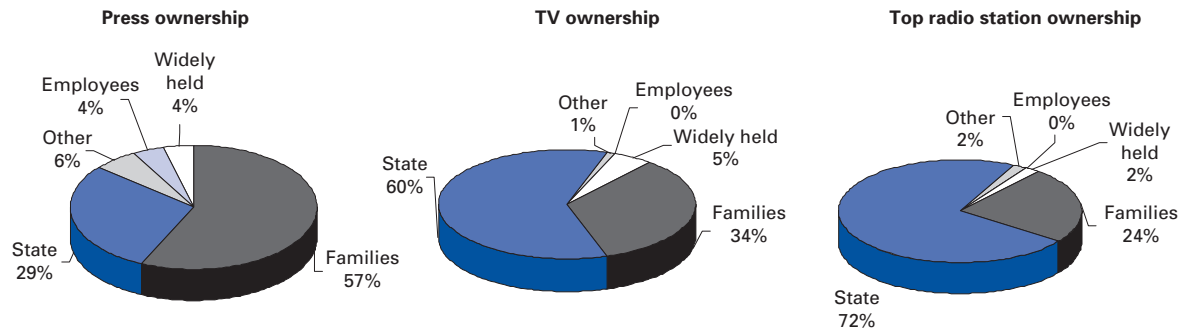
The data provide valuable indicators of media freedom, but they also have drawbacks. They are fundamentally subjective, with construction difficult to verify and with scores open to debate on why, for instance, a country gets a "3" rather than a "2" on some criterion. As with data on governance, they indicate the extremes of media freedom, but they do not permit more precise conclusions about smaller differences between countries. And with their measurement criteria based on general factors, they offer little information on the specific policies that determine media freedom.

Because there was so little information on media ownership—an important determinant of media independence—a special study for this Report examined who controls the media in 97 countries. Ownership structures were recorded for the top five television and the top five daily newspaper en-

terprises, measured by share of viewing and share of circulation, respectively, as well as for the top radio station, measured by peak audience. Only enterprises that provided local news content were included. The ultimate controllers of these firms were identified by tracing the shareholders with the largest controlling interest, held through direct ownership stakes or through holding companies and intermediaries. Each media outlet was classified according to whether the controlling owner was the state, an individual or family, employees, a political party, or a widely held corporation (where no single owner controls more than a 20 percent interest). The study also constructed a quantitative index of journalist harassment for each of the 97 countries based on reports by the Committee to Protect Journalists and by Reporters sans Frontières. Although the media ownership data do not measure all the factors that affect media independence, particularly media regulations and financing, they do measure one of the most important factors affecting the media.

Source: Djankov, McLiesh, and others 2001, *World Development Report 2002* background paper.

**Figure 10.1**  
**Who owns the media?**



Note: Average ownership of top five daily newspaper and top five television enterprises in 97 countries.  
 Source: Djankov, McLiesh, and others 2001, *World Development Report 2002* background paper.

rather than in widely dispersed shareholdings. Some privately held media are also closely related to the state, through business, family, and personal associations. So, the influence of state control is even greater. State ownership also varies significantly by region. On average governments in African and Middle Eastern countries are more likely to own media outlets, but media outlets in North and South America are owned almost exclusively by families. Although most countries in the sample permit foreign ownership of the media, only 10 percent of the top five newspapers and 14 percent of the top five television stations are controlled by foreigners.

Why is state ownership much more prevalent in television than in the press? Perhaps because television has higher fixed costs and greater economies of scale. And perhaps because governments believe that commercial media organizations are unwilling to invest in markets with small audiences—such as services for minorities, remote and rural markets, or educational programs. But the evidence does not support this. The percentage of state-owned firms is still high even when ownership is weighted by market share of the audience. If the state-owned media serve mainly minority markets, their market share should be low. Besides, governments could require privately owned broadcasters to serve rural markets and provide cultural or educational content by regulation rather than by ownership.

A second argument is that state ownership of television is higher because of limited availability of broadcasting frequencies—that it may be more efficient for the state to control television stations directly than to regulate the allocation of frequencies and monitor com-

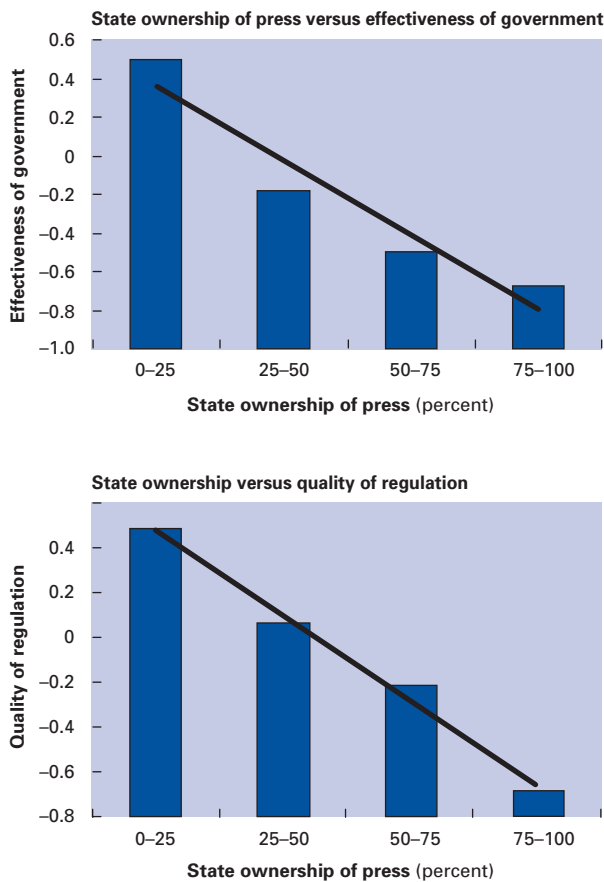
pliance. This argument has been disputed on the grounds that a simple system of property rights is enough to overcome problems of signal intervention.<sup>9</sup> New cable and satellite broadband spectrum technologies make the argument even less relevant.

*Monopolies mean worse outcomes.* The evidence indicates that monopoly control over information or high levels of state ownership reduce the effectiveness of the media in providing checks and balances on public sector behavior. Analysis of the 97 countries in the same study established that media in countries with high levels of state ownership are much less free, measured by the media freedom indexes; they also transmit much less information to people in economic and political markets. In addition, state ownership of the media is found to be negatively correlated with economic, political, and social outcomes. Generally speaking, this translates into more corruption, inferior economic governance, less-developed financial markets, fewer political rights for citizens, and poorer social outcomes in education and health (figure 10.2).

For all regions of the world, these associations between ownership and outcomes hold even after accounting for different levels of income, general state ownership in the economy, and a measure of political freedoms. This is important because poorer countries—and those with high state ownership in the economy and more autocratic governments—were more likely to have high state ownership of the media.

*Privatization can help reduce monopolies.* The negative consequences of state control of information through ownership highlighted by the experience in

**Figure 10.2**  
**State media ownership and low competition are associated with poor outcomes**



Note: The figure reports data on state ownership of the top five newspapers, adjusted by share of circulation.  
 Source: Djankov, McLiesh, and others 2001, *World Development Report 2002* background paper.

several countries underscores the importance of media ownership in pressing for better governance. In Mexico, for example, the privatization of broadcasting in 1989 substantially increased the coverage of government corruption scandals and other stories previously unreported by the state station. This greater coverage contributed to a 20 percent increase in the private station's market share, forcing the government-owned station to cover these issues as well.<sup>10</sup> Similarly, a new, privately owned television station in Ghana in 1997 reported more information on government activities and evaluated government performance more openly.<sup>11</sup>

The privatization of state-owned media in transition countries, for example—supported by broader market

liberalization and knowledge transfers from foreign owners with experience in journalism—has generated dramatic increases in the coverage of economic and financial news as well.<sup>12</sup> But private ownership can also restrict media freedom. For example, private owners associated with the state or political parties—or protecting their business interests—can control information flows. In Ukraine, for example, privately owned television stations with links to the state provided more favorable coverage of the incumbent party during elections than did more independent privately owned television stations (box 10.4). In some Latin American countries, privatization led to increased market concentration and reduced competition among the private media (discussed in the following section). In short, monopolies or concentrated ownership of the media industry that provide control over information to any individuals or organizations, public or private, will reduce the effectiveness of

#### Box 10.4 Media ownership influences content: Ukraine

Election monitors recorded significant biases in media coverage along the lines of ownership structures in the 1999 Ukrainian presidential elections. Although all major television stations devoted more time to the incumbent than to the six opposition candidates, the state-owned television station was the most unbalanced in coverage and biased in content—this despite legal requirements for the state-owned media to provide balanced and neutral coverage. The percentage of coverage devoted to the incumbent and the percentage of positive coverage of the incumbent were directly and positively related to the degree of state involvement in the station ownership (box table).

Channel	Ultimate owner	Percentage	
		Coverage of incumbent	Positive coverage of incumbent
UTI	State	51	75
Inter	Family (deputy speaker of parliament)	48.5	73
1+1	Family (+ state non-voting 49% share)	34	50
STB	Family	23	40

Note: The shareholdings of Inter are approximately equally distributed—33, 33, and 34 percent—among three individuals, with the deputy speaker holding one of the 33 percent stakes.

Source: European Institute for the Media 2000.

the media in improving economic, political, and social outcomes.

*Independent state media organizations.* To reduce state control of media ownership, countries have established independent state media organizations—new institutional structures that provide checks and balances. The aim is to provide public interest programs that the private sector would not offer, without the drawbacks of political interference. For example, the British Broadcasting Corporation (BBC) is state owned, and its board of governors, appointed by government officials, is accountable to the government. But its charter establishes it as an independent corporation. Explicitly guaranteed in the charter and accompanying agreement is freedom from government interference in the content and timing of its broadcasts and in the management of its internal affairs. And funding is provided almost entirely by government-regulated license fees, not directly from the government budget.

Other countries have experimented with more extended arrangements to ensure autonomy from the state. Austrian state television, besides having the same safeguards for independence as the BBC, has various stakeholder groups represented on its board of directors, with only one-third of the appointees from the federal government.<sup>13</sup>

Some developing countries, such as Ethiopia in the mid-1990s, have implemented similar models to grant autonomy to state-owned television. And Benin established an oversight committee of state and nonstate appointees to protect the government-owned newspaper from interference.

Then, in stark contrast, there is Myanmar. The largest television station is controlled directly by the Ministry of Information and Culture, and the second-largest by the military—with full powers to manage content and appoint and remove staff. Similarly, in Turkmenistan the state maintains direct control over the press, with the president officially the head of the major newspapers.

A problem with autonomous state media organizations is that their independence can be eroded.<sup>14</sup> In 1981 the Zimbabwe government established the independent Mass Media Trust to manage Zimpapers, the only national newspaper chain. The trust emerged as an innovative solution, combining public ownership with politically independent management. Yet in June 1985 and again in September 2000 the government dismissed the entire board in retaliation for unfavorable

media coverage, and it now regularly intervenes in content decisions.

Developing countries are not the only ones to have government interference in ostensibly independent state media. But in developing countries, with their less-developed systems of checks and balances, maintaining independence can be more difficult. Experience shows that without the political commitment and supporting institutions to maintain autonomy, ensuring independent content is unlikely.

### *Media regulations*

Throughout the world, government regulations—ranging from constitutional freedom of expression provisions to tax and business laws—affect media enterprises. Many of them aim to balance freedom of speech and protection of the public interest. Three such regulations are reviewed here: licensing, content laws, and defamation and insult laws.

*Licensing.* Licensing media enterprises can be a way to control content. For television some form of licensing broadcasters is needed to define property rights for the limited broadcasting frequencies. Yet many governments extend licensing systems beyond what is required for technical reasons, including imposing restrictions on the content of broadcasts. Some restrictions are explicit, as with licenses that prohibit the broadcast of local news, as in Zimbabwe. Others are implicit, as when licenses might not be renewed unless broadcasting content is perceived as favorable to the government.

Nor is there a technical reason for licensing newspapers, unlike the case for licensing television and radio broadcasting, so its primary purpose is to allow governments to influence information flows. In some countries newspapers have to renew their licenses annually. And editors of newspapers that publish views critical of government have been pressed to resign before licenses are renewed. To avoid suspension under such conditions, the media censors itself.

Removing newspaper licensing restrictions can thus do much to enhance competition and improve information coverage. In Korea the government replaced the newspaper licensing requirements with a more liberal set in 1987, simply requiring publishers to inform it of their plans to publish newspapers. As a result, the number of daily newspapers grew from 6 to 17 in Seoul alone, and dozens more were launched in other parts of the country. Newspapers also became more diverse,

with opposition, progovernment, business, sports, and church papers competing with one another.<sup>15</sup>

Licensing of journalists can also influence media content. Proponents argue that it serves the public interest by encouraging responsibility and standards in reporting. Opponents counter that licenses allow regulators to prevent the employment of journalists who might cover the government unfavorably. International courts have supported the latter argument. In 1985, in a landmark case concerning an uncertified journalist in Costa Rica, the Inter-American Court of Human Rights found that licensing journalists contravened the American Convention on Human Rights. Yet more than a third of Latin American countries regulate journalists through licensing or accreditation procedures.<sup>16</sup>

*Content laws.* Censorship is another direct way for governments to distort the provision of information, often through legal requirements for prepublication or prebroadcast reviews by government agencies. Often the restrictions are defended on the grounds of protecting cultural interests. And it is possible to have content regulations that reflect cultural preferences while still allowing diverse opinions. In the Netherlands a 1998 act requires that public service programming be at least 25 percent news, at least 20 percent culture, and at least 5 percent education. Italy requires that 50 percent of broadcasting be of European origin.<sup>17</sup> But these days the control of information published on the Internet is posing basic challenges for regulators of content (box 10.5).

*Defamation and insult laws.* Restrictive defamation laws can repress investigative journalism.<sup>18</sup> They are necessary to protect the reputations of individuals and ensure the accuracy of reported news. But they also justify harassing journalists in many countries, leading to self-censorship.<sup>19</sup>

There are three key issues in striking a balance between protecting people from defamation and encouraging investigative journalism. The first is whether libel is considered a criminal rather than a civil offense. When libel is a criminal offense, journalists lean toward self-censorship.

A second issue is whether truth is a defense in a defamation suit. In Germany and the United States truth is a defense, and the plaintiff bears the burden of proof that allegations were untrue, giving journalists considerable freedom in reporting. In Turkey, by contrast, truth is not a defense for libel, unless the accused is a government official and the alleged libel relates to the performance of duties. If the defendant does not

### Box 10.5 Controlling news on the Internet

The Internet has generated an unprecedented increase in the availability of news and information and thus presents a significant challenge to governments that want to control information. In the Federal Republic of Yugoslavia, for example, the radio station B92 began broadcasting over the Internet when the government tried to close it down, reaching a greater audience than before. In Malaysia Internet sites provide information on domestic and foreign news stories not reported by the mainstream press.

A study of 107 countries by the Committee to Protect Journalists indicated that 17 countries place significant controls on the Internet. Two types of restrictions are imposed. Some countries—such as the Democratic People’s Republic of Korea, Iraq, Myanmar, and Syria—restrict access to the Internet under criminal law. A milder solution is to establish government Internet service monopolies, restricting citizens from viewing some Internet sites and monitoring information from abroad.

Source: Committee to Protect Journalists 2000; Robertson 2000.

prove truth in such cases, the sentence is increased by half. That creates strong incentives for journalists to limit their investigations.<sup>20</sup>

A third issue is whether the law provides protection for libelous statements about matters of public interest. If it does, journalists can better investigate arbitrary government behavior and predatory business practices. India and Korea are examples of countries where defamation can be defended on the basis of truth if the statements are in the public interest. Requirements to show that defamatory statements are knowingly or recklessly false, and made with malicious intent, also favor the freedom of journalists.

Particularly restrictive are insult laws, protecting select groups such as royalty, politicians, and government officials from criticism. Usually, insult laws make it a criminal offense to injure the “honor and dignity” or reputation of these selected individuals and institutions, regardless of truth. A study of 87 countries found such laws to be surprisingly prevalent, particularly in developing nations.<sup>21</sup> In most industrial countries insult laws are rarely, if ever, invoked. Yet in many developing countries, they are the primary means of harassing journalists. In the Arab Republic of Egypt 99 journalists and writers were prosecuted under insult laws in the 12 months following their introduction in May 1995. Such laws, at their best, are an anachronism—and at their

worst, a severe restriction on media independence. That is why some governments, such as those of Argentina and Ghana, have taken steps to abolish them.

### *Financing and other economic pressures*

Economic pressures can also interfere with the independent provision of information. When government owns the printing presses or restricts the import and distribution of newsprint, it can influence content. Preferential subsidies and advertising are another way to influence media content. In Cameroon the government refused to advertise in the privately owned press after some critical coverage. And in Uganda in July 1993 the government banned its departments from advertising in the one privately owned daily newspaper; since state advertising accounted for 70 percent of its advertising revenues, this had a significant negative impact.

Such heavy state support provides incentives for favorable coverage of the incumbent government and reduces the watchdog role of the media. To prevent biased reporting, the Mexican government recently stopped subsidizing the press. Some European governments, such as Germany's, prohibit by law direct subsidies of media organizations to prevent the state from jeopardizing independence.<sup>22</sup> But several countries in Western Europe provide direct subsidies to media outlets. France subsidizes radio stations if their profit from advertising and sponsorship is less than 20 percent of revenue. Since the criteria for allocating these subsidies is not directly linked to media content, it is argued that such state support does not compromise media independence.<sup>23</sup>

Advertising revenues from concentrated private sources can also influence content. In a recent survey of journalists, editors, and news executives in the United States, more than one-third responded that news is not reported if it might hurt advertising revenues and thus harm the financial position of media firms. Advertising from diverse sources is likely to reduce bias in content. In Russia the Press Development Institute, with support from the World Bank, trains newspaper managers to build independent sources of finance through advertising and paid subscriptions—and thus to reduce reliance on state support and improve editorial independence.

### **Quality**

The media do more to support integrated and inclusive markets when they have the capacity to provide high-quality information demanded by diverse market agents, reflecting a diversity of opinion. Three factors that affect

the quality of the media are discussed here: competition among outlets, access to public and private information sources, and human capacities.

### *Competition*

Competition among media outlets promotes the supply of alternative views to voters and consumers—and helps prevent one firm from distorting too heavily the information it supplies. It is argued that competition from state media stimulates private media to provide more educational and culturally diverse content.<sup>24</sup> Competition between media outlets is closely related to ownership issues. One potential downside of public-private competition is that governments can give advantages to the media firms that they own.

In practical terms, the issue of monopoly pertains solely to state ownership, since no country has private newspaper or television monopolies. The global incidence of state monopolies of newspapers and television is surprisingly high. In this Report's survey of 97 countries, 21 countries (all of them developing) have government monopolies of daily newspapers, and 43 countries (40 of them developing) have state monopolies of television stations with local news.<sup>25</sup>

Evidence supports the argument that competition in the media is crucial (see figure 10.2). In countries with media monopolies, political, economic, and social outcomes are worse than in those where the media are competitive, in part because the former are less effective in improving institutional quality (governance). The data also show that dominance of state media, even if some private media exist, can affect the relationship between information flows and outcomes. For example, 75 percent state ownership of the media still leads to outcomes comparable to those when there is 100 percent state ownership. For newspapers, state ownership, on average, is detrimental whether there is a state monopoly or not. But the only countries with significant state ownership in newspapers are those in which there may be other reasons for weak institutional quality as well. For television, monopolies appear to account for most of the associations between state ownership and poor outcomes.

Competition among privately owned media firms is also critical for effective media. When there is little competition, information flows reflect only the views of a private elite or the government and private firms can collude in distorting information flows. Rivalry among firms in the media industry ensures a broader range of social and political views and greater incentives



for demand-driven reporting. With such information, voters, consumers, and investors are less likely to be exposed to abuse in economic and political markets, and minority views—including those of the poor—are more likely to be represented.

These arguments have gained prominence because of increasing media market concentration over the last decade, especially in Europe, spurred by new technologies and national deregulation.<sup>26</sup> Across countries the concentration of media firms is high. In the same survey of 97 countries conducted for this report, the top five daily newspapers account for two-thirds of circulation, and the top five television firms for nine-tenths of total viewing, on average.

Many countries try to encourage competition in the media by regulating market concentration. In most of Europe the state limits the share of audience and circulation that media outlets (and their owners) can control. In Germany broadcasters are limited to 30 percent of the national audience, and in the United Kingdom, to 15 percent. How these laws work in practice depends greatly on the details of the law. In Italy media firms are limited to 25 percent of the national communications market, but because of the difficulty in defining this cutoff, the law has never been applied.<sup>27</sup>

### *Access to public information*

Access to public information is essential for the media to investigate issues effectively and transmit news to the public. And because better information flows can improve resource allocation, they may be able to mitigate global financial volatility and crises; as a result, more attention now goes to building institutions that guarantee access to information. To understand and anticipate market movements, investors require timely and accurate information on company financial indicators and macroeconomic data. Similarly, information on asset ownership, government contracts, and public agency expenditures helps the public monitor government officials. Information on price and product standards helps consumers select products. Records of health inspections, school performance, and environmental data help citizens make informed social choices. Data on politicians' voting records enable more informed choice of candidates. The media can transmit most of this information—if they have access to it.

A recent study in Southeast Asia revealed that few countries are close to providing open access to data of interest to the media and citizens.<sup>28</sup> It looked at the

availability of 40 public records, including economic, education, and health indicators, as well as information on government and court proceedings, financial disclosures of firms and officials, and government budgets and contracts. The Philippines ranked highest. At the other end of the spectrum was Myanmar, where even such basic macroeconomic data as GNP and inflation are not always available. Ill-defined procedures for access to information and inadequate information infrastructure were identified as common problems across countries.

Legal frameworks to support access to information vary tremendously. The United Kingdom has a tradition of protecting information, captured in law by the Official Secrets Act, which provides broad powers for government to classify and restrict access. Until 1989 even the type of biscuits served to the prime minister was an official secret. Many countries that adopted aspects of the British legal system have official secrets acts. Some, such as Fiji, have taken steps to introduce a more liberal approach to information access. Others, such as Kenya, Malaysia, and Singapore, retain their official secrets laws.

Other countries use laws to guarantee, rather than limit, access to information. In many cases governments incorporate freedom of information provisions into constitutions, into other government directives, or into media laws. Another solution growing in popularity is the freedom of information (FOI) law, imposing disclosure obligations on government departments, courts, regulatory agencies, the military, and private organizations that carry out statutory functions. FOI laws also enable access to certain information on request, such as personal information held by the government. Since FOI laws tend to be more detailed and operational than constitutional provisions, they can provide strong guarantees for the media of access to information. In Nepal, for example, even with the right to information enshrined in the constitution, access remains difficult because is no FOI law or other mechanism to support it.

Beginning with Sweden in 1766, 44 industrial and developing countries have adopted FOI laws. Two-thirds were passed in the last 10 years, including those in many transition countries, where information access had been severely restricted.<sup>29</sup> Many more countries, such as Fiji, India, and Nepal, are considering FOI acts to improve information flows.

Experience shows that FOI laws can have limitations, for the freedom of information must be balanced with privacy and the legitimate need to retain informa-

tion for national security. But some FOI legislation is constrained severely by broadly defined exemptions and loopholes that extend beyond these public interest concerns. For example, the FOI law proposed in the United Kingdom in 1999 enabled the government to withhold information if disclosure would lead to prosecution of the authority concerned. Clearly this would check the ability of journalists to investigate corruption charges. The code on access to information in Hong Kong, China, is considered ineffective because it permits departments to withhold information in 16 categories.

Another limitation of FOI laws is that their success in guaranteeing access to information depends on the capacity of the government to collect, process, store, and manage information. The ongoing costs can be significant—estimated at \$286 million annually in the United States. And without an adequate information infrastructure, the cost, time, and complexity of obtaining information may be prohibitive. This lack of capacity has proved to be a barrier to FOI laws, especially in developing countries. An added element of capacity is the ability to produce timely statistics. Information on such statistics as public finances and the balance of payments needs to be reliable and timely if it is to improve the functioning of markets.

As Thailand shows, the laws may also take time to implement because of lack of understanding (box 10.6). But building capacity in communications management can help to overcome the obstacles. In Romania efforts to increase government capacity to manage and communicate information significantly improved the media's ability to report on economic reforms and secure public support for them.<sup>30</sup>

Even with FOI acts, journalists may lack the training to cover such issues as privatization, economic reforms, and environmental issues. Several countries are addressing this by training reporters in business journalism and investigative journalism. A World Bank evaluation in Uganda and Tanzania found that such training raised the quality of newspaper reporting on corruption issues.<sup>31</sup>

### Broadening the media's reach

Access to the media, and being able to provide a diversity of views through the media, holds enormous potential for supporting integrated and inclusive markets. But the reach of newspapers, television, and radio varies tremendously, with wealth a clear determinant of media penetration. On average, residents of industrial coun-

### Box 10.6 Improving access to information in Thailand

Triggered in part by the Asian financial crisis, in 1997 the Thai government passed the Official Information Act. With a few exceptions regarding the monarchy and national security, the act guarantees people's rights to gain access to all information held by the government. Government agencies are required to publish official information in the *Government Gazette*, make other standard documents such as agency plans and manuals available to the public, and provide other information upon individual request. These initiatives depart radically from previous policies and attitudes toward transparency. But there have been some difficulties in implementation—including political interference and a lack of understanding among officials and journalists about how to use the act.

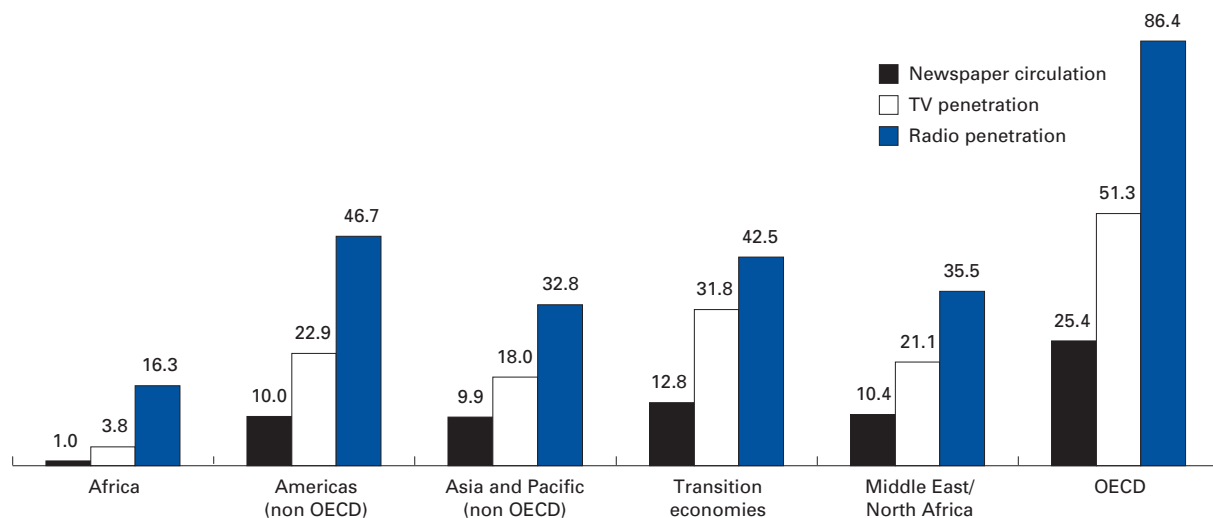
Despite the problems, the act has received widespread praise as a significant step toward improving information flows. Requests for access to government information are growing. The act has even helped spark further efforts to improve transparency. In October 2000 the Bank of Thailand established an office to provide the public with access to financial and economic information. The government is now focusing on implementing the act more effectively through public awareness campaigns and training journalists and officials in applying it.

Source: Chongkittavorn 2001.

tries are more than 25 times more likely to receive a daily newspaper than residents in African countries, as measured by newspaper circulation (figure 10.3). But in many African countries, according to the World Association of Newspapers, the average newspaper copy is read by as many as a dozen people. Literacy also plays a role, but even after accounting for it, large disparities in newspaper circulation remain. Both GNP per capita and literacy are lower in Ecuador than in the former Yugoslav Republic of Macedonia, but newspaper circulation is more than three times greater in Ecuador.

Television viewers do not have to be literate, but they do need costly equipment, technology, and electricity. Radio broadcasting is cheaper, does not require electricity mains, and can be transmitted to remote areas to people who do not know how to read. Not surprisingly, radio receiver penetration is higher than other media penetration in all regions, and radio is the primary medium for reaching citizens in many developing countries. The difference between the reach of radio and the reach of other media is far greater in developing than in industrial countries.

**Figure 10.3**  
**Media penetration rates by region and by OECD compared with non-OECD countries**



Note: Newspaper circulation = daily newspapers circulated per 100 people; TV penetration = television sets per 100 people; radio penetration = radios per 100 people.

Source: World Development Indicators 2000.

Even in countries with low penetration rates, the media can affect behavior and improve outcomes. In Kenya, despite the low newspaper penetration rate of 9 per 1,000 people, the local press instigated a corruption investigation that led to the health minister's resignation (chapter 1).

Higher media penetration promotes greater responsiveness of public and private agents. This is best demonstrated by comparisons of media access within countries, since such comparisons adjust to a large extent for different political and economic systems in different countries. A study in India compared state government allocations of relief spending and public food distribution during natural disasters, such as floods and droughts. Adjusting for the size of shocks, distribution of relief was greater in states with higher newspaper circulation. The greater local presence of media allowed citizens to develop a collective voice, and the effect was greater for newspapers in local languages than for those in English or Hindi.<sup>32</sup>

Access to foreign media can also create demand for institutional change. Foreign or global media enable access to information on issues not reported by local media—as evidenced by countless examples of citizens first receiv-

ing news of domestic political crises through the foreign media. They also provide a yardstick for local media—and for the performance of governments.

Three main strategies have proved successful in increasing access to the media. The first is to remove barriers to entry for new media enterprises. This includes eliminating restrictive licensing and registration requirements, or introducing competition when there are monopolies—factors closely related to media independence (see above).

Second, private participants and donors have been innovative in their efforts to expand the reach of the media, especially in poor and remote areas. In Nigeria and the Democratic Republic of Congo, newspaper vendors charge one price for buying a newspaper, but customers can pay a fraction of this price to read the newspaper at the stand. And international donors have supported telecenters, which provide public access to a range of media and communications facilities in remote areas.

Community and nonprofit efforts have been instrumental in increasing media penetration in poorer countries, as demonstrated by the distribution of newspapers in Nepal (box 10.7). Nonprofit foundations have significantly increased access to community radio in de-

**Box 10.7****Increasing access to the media: wall newspapers in Nepal**

Since the publication of the first Nepalese newspaper in 1901, access to the press has been constrained by poverty, low literacy, and inadequate transport. Daily newspaper circulation averages only 11 copies per 1,000 people, and residents of rural areas are particularly unlikely to receive information from the media. In 1984 a group of media professionals established the nonprofit Nepal Press Institute to help expand the media industry. The institute provides training and capacity-building services for journalists and media organizations.

One of its most successful projects is the wall newspaper *Gaon Ghar*, started in 1987 as an experiment to increase information flows in rural areas. The newspapers are printed in large fonts and pasted on walls in public places so that many people can read the paper simultaneously. The content is development oriented, with features on public health, environment, water and sanitation, and gender. Extremely popular, *Gaon Ghar* is now distributed in villages in all 75 Nepali districts, inspiring similar projects in Bangladesh, India, and Pakistan.

Source: Nepal Press Institute 2000.

veloping countries, through wind-up radios and satellite technology. These services have proved especially important in delivering leading-edge information on health, education, environment, and microenterprises. They have also provided a channel for residents of remote communities to voice their concerns and share information with other communities.

Third, a broader development policy framework can enhance access to the media. Increasing literacy rates expands the demand for newspapers. Establishing or strengthening journalist schools expands the supply of the media. Developing the technological infrastructure for the media—installing telephone and cable systems for the Internet to distribution of radio receivers—also increases access. In Korea, for example, government distribution of radio sets as a part of a literacy program significantly increased access to the media and stimulated rapid growth in community radio stations in the 1960s. And competition among media organizations can increase access by broadening supply.

**Institutions to complement the media**

The media can be more effective if complementary institutions reinforce their independence and quality—and act on the information provided. But the independence to freely publish information must also be

balanced with systems to ensure responsibility and accountability of the media. Some types of government regulation are needed (see above). Self-regulation is another supporting institution for the effective functioning of the media.

Self-regulatory bodies are well established in some industrial countries, but they are only beginning to emerge in developing countries. Guyana, Tanzania, and Trinidad and Tobago are all building self-regulatory press councils, which establish codes for honesty, fairness, respect for privacy, and general standards of taste. The councils use these codes to guide their decisions on complaints.

In many cases the press councils replace traditional court processes. In Australia the complainants are required to sign a declaration that they will not take their complaint to court if they are dissatisfied with the council's decision. What determines the success of councils? Ethical guidelines have to balance press freedom and responsibility. The application of standards has to be consistent. And media firms have to comply with their decisions.<sup>33</sup> Civil society organizations for media freedom and responsibility can reinforce the work of councils.

Effective judicial systems and other mechanisms that penalize undesirable behavior can complement the media's role in improving governance (see chapter 6). In the Philippines the media's exposure of toxic waste dumped by foreign military forces led to a congressional investigation, then to an official government investigation, and eventually to government enforcement of orders to discontinue the dumping. By contrast, media coverage of corrupt activities in Ukraine did little to instigate further investigations or remove the allegedly corrupt officials from power.<sup>34</sup> So even with the best of investigative journalism, the ability of the media to effect change is diminished severely if court systems or enforcement agencies are inadequate.

Media also have more impact when political parties, democratic elections, and civil society organizations hold governments accountable. Greater media penetration encourages greater government responsiveness. The reach of newspapers, television, and radio is particularly important when citizens can make political choices based on information they receive. Governments are more responsive when they are held accountable to informed citizens.

**Conclusions**

The media can play an important role in development by affecting the incentives of market participants—

businesses, individuals, or politicians—and by influencing the demand for institutional change. Information flows through the media can affect people's ideas, monitor people's actions, and thereby create constituencies for change and institutional reform. Across both developing and industrial countries, newspapers, broadcasts, and new media such as the Internet have promoted competition in economic and political markets, and helped create incentives for public and private agents to become more accountable. And the media can empower people, including the poor, by giving them a platform for voicing diverse opinions, participating in governance, and engaging in markets.

To achieve these outcomes, the media need to be independent, to reach people, and to be of high quality—that is, the media must have the capacity to reflect diverse views but also the ability to report on various subjects and be accountable. Control of the media by any single or concentrated interest group can hinder their ability to improve governance, be a force for change, and hold people to account. Very often, private

and public parties seek control of the media in order to influence their content. In many countries, policymakers have attempted to control media content through sole or concentrated ownership. Privatization and relaxation of controls on the media (such as by allowing new private entrants) can, in many cases, enable the media to support markets better. Though there are no private monopolies in the media industry, in some countries a limited number of private interests have substantial control over the industry. Regulations on concentration would help in this regard. Encouraging competition in the industry keeps the media in check and promotes diversity of views. Other, and complementary, avenues for reform are eliminating restrictive media regulations and financing arrangements, ensuring open access to information, and building journalistic capacity. Widespread access to media and complementary institutions—such as an effective judiciary and regulatory agencies—further strengthens the media's role in supporting market development and providing people with access to market opportunities.