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# Press Freedom and Economic Development in Latin America 2007

Déficit

- = Chile, Costa Rica and Uruguay lead the ranking.
- ↓ Bolivia fell five positions in the region.
- = Haití did not change its position in the ranking but managed to increase its distance from Venezuela.
- = The only country still behind Venezuela is Cuba, that in the global aspect is only before North Korea.

*By Hernán Alberro*

## Methodology

The annual report on Press Freedom and Economic Development in Latin America seeks to disentangle and analyze the relationship between indicators of freedom of the press, economic liberty and economic development in our region.

Thus, first a brief review is made on the situation of press freedom in Latin American countries. For this, the annual report *Freedom of the Press 2007: A Global Survey of Media Independence* published by Freedom House, is used. This work, one of the most complete and with higher number of years in existence<sup>1</sup>, measures three aspects of press freedom: the legal environment, the political environment and the economic environment, being the second one the most important aspect weighing 40 per cent, while the others receive a third each. In this way, the degree in which the exercise of journalism can be fully enjoyed, is established. Here, freedom of the press is defined following the *Universal Declaration of Human Rights*: “everyone has the right to freedom of opinion and expression; this right includes freedom to hold opinions without interference and to seek, receive, and impart information and ideas through any media regardless of frontiers”. The scale used by Freedom House ranges from 0 to 100, and the lower the score the better the situation of press freedom in the country during the previous year.

On the other hand, in order to know the level of economic freedom of each country, the annual work is used is the one by Heritage Foundation and Wall Street Journal, Index of Economic Freedom 2007. In this edition it suffered important changes worth noting, since it makes it difficult to compare the data with previous years. These organizations understand that “the definition of economic freedom therefore encompasses all liberties and rights of production, distribution, or consumption of goods and services. The highest form of economic freedom provides an absolute right of property ownership, fully realized freedoms of movement for labor, capital, and goods, and an absolute absence of coercion or constraint of economic liberty beyond the extent necessary for citizens to protect and maintain liberty itself”. This new formulation of economic freedom led to the modification of the ten components as follows: business freedom, trade freedom, monetary freedom, freedom from government, fiscal freedom, property rights, investment freedom, freedom from corruption, and labor freedom. These ten aspects are considered of equal weight for the purpose of the index and are now qualified in a 0-100 scale where the higher the number, the higher the level of economic liberty.

Moreover, the level of wealth of each population is used as an indicator of economic development. For this, it is used the per capita Purchase Power Parity annually measured by World Bank.

Finally, these indicators are mixed in an indicator of press freedom and economic development in a scale ranging from 0 to 1 where the closer to unit, the better the place occupied by the country in the ranking. Thus, if a country improves or deteriorates its score in any of the indicators, the impact will appear in the final result and can also be compared in with the rest of the countries in order to allow a more complete view on the situation of press freedom and development in the region.

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<sup>1</sup> HOLTZ-BACHA, Christina “What is ‘good’ press freedom? The difficulty of measuring freedom of the press worldwide” 2004 *Conference of the International Association for Media and Communication Research (IAMCR)*, Porto Alegre: 2004.



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In its 2007 annual report on the Americas, the French organization Reporters without Borders formulates the following question: “Do economic development and democracy ensure true freedom of the press?”. The question, that RSF answers in a negative way, is very interesting since the way it is written poses an apparent equality between economic development and democracy. As it has been done in other editions of this report, the aim is to review the situation of press freedom and economic development in Latin America in order to see if there actually is a relationship between these indicators.

In 2006, the region was marked by the celebration of nine elections that in certain way represent a great omen for democratic consolidation in Latin America. However, this was accompanied by a strong setback in the situation of press freedom, since eleven out of 20 countries fell in the press freedom index according to Freedom House and, what is even worse, the amount of the downfall is almost twice the level of advances. Moreover, from those countries that were able to vote democratically, only Nicaragua and Colombia received a better score in press freedom compared to the previous year. From these two, the most valuable improvement comes from Colombia, that thanks to the substantial progress of its score, change its qualification of restricted press to be under the “partially free” classification. This was possible because journalists ventured more to criticize and investigate on corruption in high level officers while the security situation in the exercise of journalism clearly improved, was it not for the regretful death of three journalists. The case of Nicaragua, that enjoyed a two points improvement after having elections is also important and was mainly due to a lower number of attacks against journalists.

At the same time, Costa Rica, Chile, Brazil, Peru and Venezuela saw their situation of press freedom worsen during the elections, while Ecuador and Mexico suffered no change in their qualifications compared to the previous year.

Unfortunately, this is not senseless. In a region where institutions work poorly, as shown by the World Bank report *Governance Matters V*<sup>2</sup>, elections are a period of sensitivity in political relations. So, accusations of political favoritism against media, corruption reports and confrontations and street demonstrations generate a generally adverse climate for the exercise of journalism. Although it is also worth noting that it represents an opportunity of improvement of democratic quality, and during 2006 Haiti serves as an excellent example, since with the new government after the elections of the previous year, this country was one that improved most in terms of press freedom in the world.

According to *Freedom of the Press 2007: A Global Survey of Media Independence*, annually made by Freedom House to measure press freedom in the world, the Latin American country that suffered most the deterioration of freedom of the press was Chile, accompanied by Bolivia and Argentina with a fall a four points each. On the other hand, Haiti and Colombia were those with bigger improvements. It is worth noting that in the case of Haiti the improve is easier thanks to the precarious situation in which it was before and unfortunately still is.

Press Freedom in Latin America according to Freedom House		
Countries	2006	2007
Costa Rica	18	20
Chile	26	30
Uruguay	28	30
Bolivia	33	37
Dominican Rep.	37	40
Ecuador	41	41
Brazil	39	42
Peru	39	42
El Salvador	43	42
Nicaragua	44	42
Panama	43	43
Mexico	48	48
Argentina	45	49
Honduras	52	51
Colombia	61	57
Guatemala	58	59
Haiti	68	59
Paraguay	57	60
Venezuela	72	74
Cuba	96	96

Countries with less freedom of the press	11
Countries with more freedom of the press	5
Countries unchanged	4
Negative percentual variations	-87,9
Positive percentual variations	26,3

<sup>2</sup> Kaufmann, Daniel; Kraay, Aart; Mastruzzi, Máximo *Governance matters V: aggregate and individual governance indicators for 1996 – 2005*, World Bank, Washington: 2006.

### Bad news for economic freedom

While press freedom suffered an important downfall, so did economic liberty. It is important to say that the index of economic freedom, in its 2007 edition, went through important changes, not only in the way the data is presented, abandoning the classic scale from 1 to 5 for one between 0 and 100, but also in the information measured with the aim of improving its objectivity and transparency. With the new methodology the concept of economic freedom is strengthened and widened to “all liberties and rights of production, distribution, or consumption of goods and services. The highest form of economic freedom provides an absolute right of property ownership, fully realized freedoms of movement for labor, capital, and goods, and an absolute absence of coercion or constraint of economic liberty beyond the extent necessary for citizens to protect and maintain liberty itself”.

As usual, the Index of Economic Freedom 2007 points out that “The world’s freest countries have twice the average per capita income of the second quintile of countries and over five times the average income of the fifth quintile of countries. The freest economies also have lower rates of unemployment and lower inflation”.

The problem with the new methodology is that the comparison between years becomes really difficult and very imprecise, since 2007 edition have more data than the ones before, it would not be honest to make a direct numeric comparison. However, one can make a general analysis on the situation of economic freedom in regional terms.

Thus, Heritage Foundation and Wall Street Journal hold that the region including all the American continent “with the world’s lowest average unemployment rate and peaceful relationships, it would seem poised for broadly shared economic success” however, “the reality is that economies are stagnating”. In certain way, these organizations find a similar explanation to the one expressed at the beginning: “Corruption and inflation are the problem areas, representing weaker monetary policy and rule of law”.

In other words, no improvement is perceived regarding economic freedom in the region, leaving room for suspicion about the fact that countries where there was an important economic growth, it could have been simply due to the current world environment, the good state of the global economy, and not to the merit of the economic policies implemented.

Economic Freedom in Latin America according to Heritage Foundation and Wall Street Journal	
Countries	2007
Chile	78,3
El Salvador	70,3
Uruguay	69,3
Panama	65,9
Mexico	65,8
Costa Rica	65,1
Nicaragua	62,7
Peru	62,1
Guatemala	61,2
Brazil	60,9
Colombia	60,5
Honduras	60,3
Argentina	57,5
Paraguay	56,8
Dominican Rep.	56,7
Ecuador	55,3
Bolivia	55,0
Haiti	52,2
Venezuela	47,7
Cuba	29,7

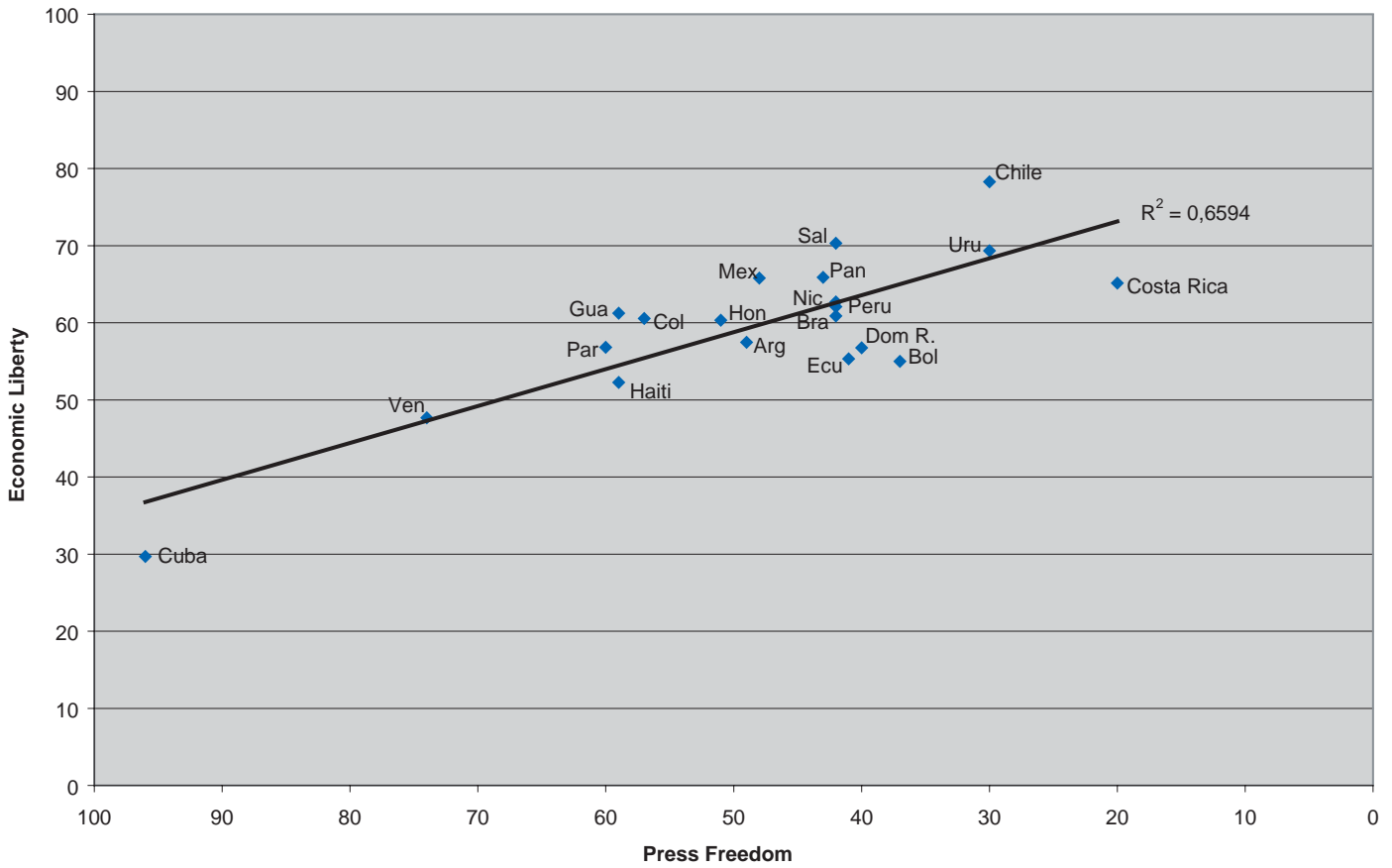
### And what about the initial question?

It is now time to go back to the question formulated at the beginning regarding development and press freedom. Of course it is not an easy question to answer because of several reasons. First of all, because the sole concept of development is very difficult to grab and tough to represent in an objective and conclusive way, since there are a lot of indicators and there is not much consensus regarding its capacity to really represent development. Besides, another difficulty lies in the impossibility of establishing causal relations through statistics, making it possible for us to see that there is, aside from some exception, a link between press freedom and development without knowing which of the components is the causal variable.

Beyond these difficulties, graphic 1 shows the relationship between economic liberty and freedom of the press. This is interesting, since notwithstanding the small sample used of only twenty Latin American countries, the relationship is clear. If we add to this the evidence presented by Heritage Foundation and Wall Street Journal and also documented by the Canadian organization Fraser Institute in its *Economic Freedom of the World: 2007 Annual Report* regarding the fact that economic performance is much better in those countries with higher levels of economic freedom. So it can be conclude, in certain way, that this will translate too in the case of freedom of the press.

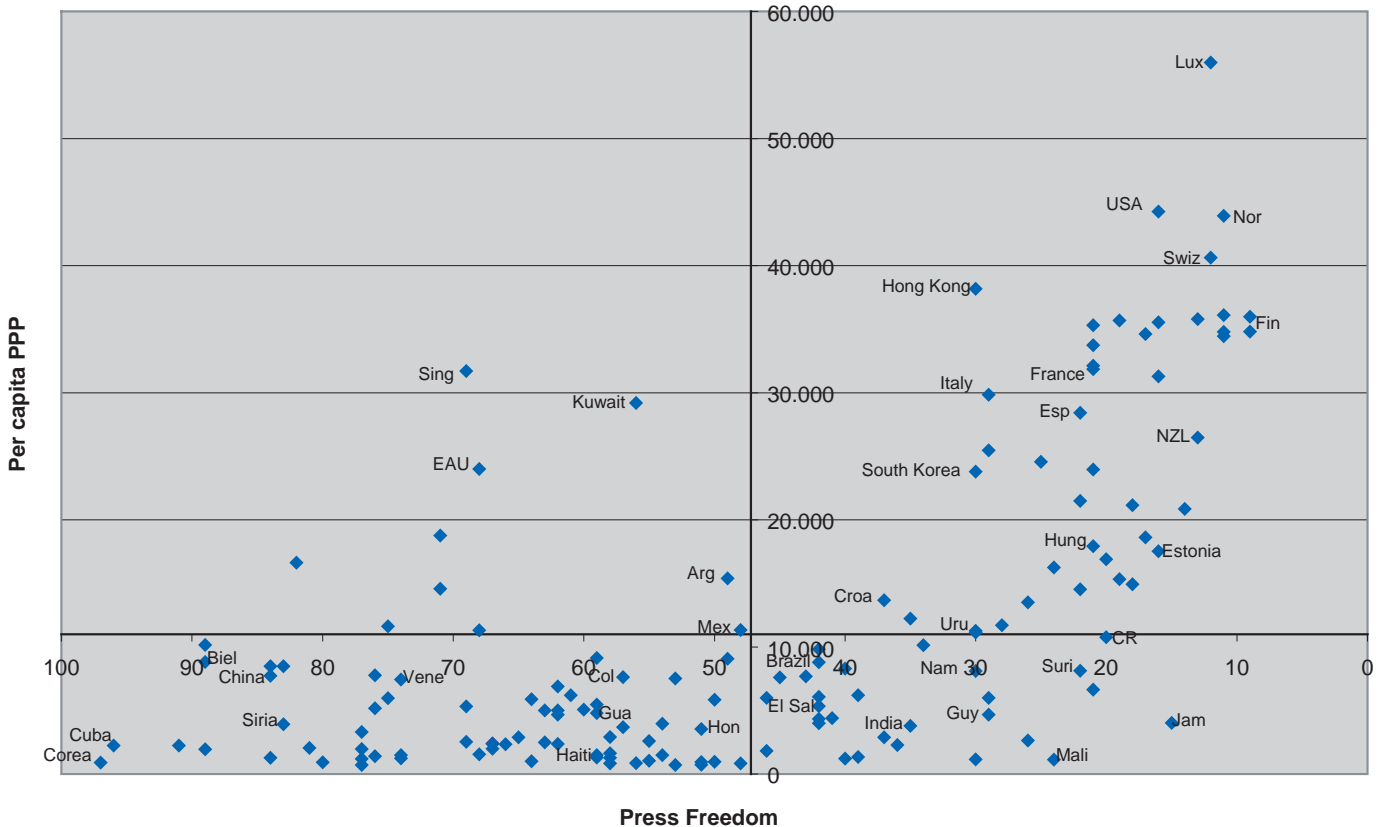
To see it in a more clear way, graphic 2 presents press freedom and per capital Purchase Power Parity measured by World Bank in 148 countries. This graphic shows two Cartesian axis crossed in the average of each. Thus, each leaves on one side those below the average and on the opposite side those above the average.

Graphic 1: Press Freedom and Economic Liberty in Latin America



So, four areas are delimited. In the first square are those countries with a low level of press freedom and a high level of economic development as measured by its per capital PPP. So here one can see countries such as Singapur, Kuwait, United Arab Emirates, Bahrein, Saudi Arabia, Oman and sadly, with these countries there are two of the biggest countries in our region: Argentina and Mexico, though they are closer to the second area. The countries in this first square represent

Graphic 2: Press Freedom and per capita PPP



what could be called, the exception, since they are places where there are high levels of purchase power but low levels of freedom of the press, and they only add to 6,7 per cent of the total of the countries considered.

In the square that is up to the right, one can see those countries enjoying a high level of wealth and a good degree of press freedom. There one can find 28,8 per cent of the countries. The best case here is Luxembourg followed by a good number of European countries such as Norway, Spain, France, Finland, Sweden and Switzerland and also some Eastern European countries like Croatia, Estonia and Lithuania. Regarding Latin America, only two countries appear in the lower part of the square: Chile and Uruguay.

Most of the countries in our region appear in the lower right square, where there are good levels of press freedom and high indices of wealth are still not seen. In this area there are countries like El Salvador, Panama, Brazil, Dominican Republic, Peru, Nicaragua, Bolivia and Ecuador. 19,5 per cent of the countries appear in the square. Among them: Jamaica, being the freest but poorest; India, Suriname, Guyana and Mali.

Finally the saddest cases are left. Places where not only freedom to exercise journalism is scarce but also the purchase power parity of their populations is low too. It is really sad that 45 per cent of the countries are here, making it the most popular quadrant. Regarding Latin American countries: Colombia, Honduras, Guatemala, Paraguay, Haiti, Venezuela and Cuba belong to this square. Also most of the African countries together with China and North Korea appear in this corner. By putting together the indicators used weighing equally in a numeric index between 0 and 1, being this last one the highest degree of liberties and wealth, one can observe some changes in the positions of the countries in comparison to last year. It is worth noting that the new methodology of the Index of Economic Freedom could have influenced in the final result of this ranking, that is why we will analyze only the most important changes.

The first three positions in Latin America remain the same for the third year in a row, though Chile and Costa Rica suffered a setback in both freedom indexes. The main change comes from Mexico, which now appears in the fourth place leaving El Salvador below, thanks to an improvement of Mexico in economic freedom and a fall of the second one in the same indicator. However, Mexico will probably fall some positions during 2007 due to the tragic crimes suffered by journalists in the exercise of their profession in this year.

Among the main losers is Bolivia, which fall five positions in the ranking since it is the country that lived the most important downfall in economic liberty in the region and one of the places where the situation of the press deteriorated more in the world.

Ranking of Press Freedom and Economic Development in Latin America 2007				
Variation	Position	Country	2006	2007
=	1	Chile	0,562	0,558
=	2	Costa Rica	0,512	0,544
=	3	Uruguay	0,480	0,527
↑5	4	Mexico	0,402	0,457
↓1	5	El Salvador	0,434	0,456
↑1	6	Panama	0,416	0,452
↑3	7	Argentina	0,393	0,450
=	8	Brazil	0,403	0,445
↑2	9	Dominican Rep.	0,378	0,435
↓4	10	Peru	0,408	0,433
↑1	11	Nicaragua	0,365	0,422
↓5	12	Bolivia	0,404	0,406
=	13	Ecuador	0,356	0,403
↑2	14	Colombia	0,315	0,387
=	15	Honduras	0,318	0,381
↓2	16	Guatemala	0,325	0,365
=	17	Paraguay	0,306	0,349
=	18	Haiti	0,194	0,316
=	19	Venezuela	0,193	0,286
=	20	Cuba	0,096	0,122

On the other hand, Haiti, one of the countries that improved most in terms of freedom of the press in the world due to the tranquility gained after the elections and also the country that experienced an improvement in economic freedom, although it did not modify its position in the ranking, it did increase its distance with Venezuela. The only country that is still behind the one headed by Hugo Chávez is Cuba, that in the world ranking is only above North Korea.

### Another way of understanding development

Just as it was said before, it is difficult to find one definition of development on which all academics and specialists will agree, that is why in this last part of the report a different focus is assumed regarding development: life expectancy at birth. This indicator, used among others by the United Nations Development Program for its Human Development Index, is very useful to analyze the situation of different countries since it is an objective and yet sensitive indicator of inequality, poverty and access to open and trustworthy health care systems.

So, here per capita PPP was replaced by the index of life expectancy at birth, obtaining, as a result a similar ranking but with some changes worth of analyzing. Please note that in the positions column the place in the ranking with per capita PPP was left while the countries are ordered according to the ranking with life expectancy at birth. Thus it is easier to see the changes between these two measurements. It is needless to say that indexes such as life expectancy at birth are a lot more even, in general, than indexes like Purchase Power Parity, besides from being more stable in time and difficult to improve.

Regarding coincidences, the extreme points remained unchanged. So Cuba is still the last of the table and Chile, Costa Rica and Uruguay, in this order, are still at the top of the list. Among the most important changes the strong fall of Argentina can be seen, falling from the seventh to the eleventh place. This entails, in certain way, that its per capita PPP does not match with its real level of development, or at least that development is not yet expressed in quality of life benefits for the people. On the other hand, Ecuador, Nicaragua and Peru, three countries with a per capita PPP below the world average, appear here in better positions.

Ranking of Press Freedom and Economic Development with Life Expectancy at Birth		
Position*	Country	Ranking
1	Chile	0,791
2	Costa Rica	0,780
3	Uruguay	0,744
6	Panama	0,686
5	El Salvador	0,684
4	Mexico	0,673
13	Ecuador	0,654
11	Nicaragua	0,652
10	Peru	0,650
8	Brazil	0,650
7	Argentina	0,638
9	Dominican Rep.	0,626
12	Bolivia	0,613
14	Colombia	0,608
15	Honduras	0,604
17	Paraguay	0,579
16	Guatemala	0,577
19	Venezuela	0,512
18	Haiti	0,461
20	Cuba	0,406

\* The number indicates the place within the Ranking with per capita PPP and countries are ordered according to its ranking with life expectancy at birth.



### ABOUT THE AUTHOR

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