

Public debate could be key to strong economy

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As it turns out, people who speak their minds loudly and often could be responsible for economic prosperity.

That's according to a new study by Michigan State University economist Siddharth Chandra, director of MSU's Asian Studies Center, and Nita Rudra, associate professor in the Department of Government at

Georgetown University.

"Our study demonstrates that freedom to express our opinions is not just something we should enjoy," said Chandra, who's also a professor in MSU's James Madison College. "It could have very important consequences - sometimes preventing the economy from going in a direction that's detrimental to the people."

The study, published in the most recent edition of the *British Journal of Political Science*, is the first to measure the influence of public deliberation on economic performance.

Public deliberations can range from open discussions with all stakeholders to protests to public hearings. Lawmaking improves, Chandra says, when policymakers receive information from a diverse array of citizens about which policies they should pursue.

Until now, most scholars and analysts have believed a system of government - democratic versus authoritarian - determines economic stability or instability. But that didn't make sense, Chandra said, since several authoritarian regimes also experience [economic growth](#) and stability.

And so he and Rudra studied the [economic performance](#) of 112 countries, taking into account whether governments allow public deliberation.

They're the first researchers to apply "portfolio theory" - a term borrowed from the financial industry - to [political science](#) and the policymaking process. Financial executives have long been touting that investors will see better returns by diversifying their assets, rather than putting all their "eggs in one basket."

Similarly, making an important policy decision based on only one or two opinions can overlook critical problems and lead to a flawed policy that doesn't work, Chandra said. But taking into account pros and cons raised by citizens will lead to policies that do a better job of regulating the economy and allocating resources. The end result is stable economic growth.

"At the international level, we're talking about education, health, food and food security and the environment - all of which are heavily affected by policy," Chandra said. "We suggest that if you want to have policies that lead to outcomes that are stable and positive, you want to have a system in which there's a lot of deliberation."

Provided by Michigan State University

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