

19. Media and Politics

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Fiscal Policy and Inequality

Why is the media special?

- ▶ Citizens need information in order to participate in politics
 - ▶ the state of the world
 - ▶ the political views of various political actors
 - ▶ government policy
 - ▶ competence / honesty of political actors and government
- ▶ Information acquisition and transmission is a high fixed cost, low marginal cost activity.
 - ▶ So it doesn't make sense for each citizen to collect information directly
 - ▶ (i.e., everyone can't be a reporter)
- ▶ The media are the organizations either public, private non-profit, or private for-profit that collect this information and distribute it to citizens.

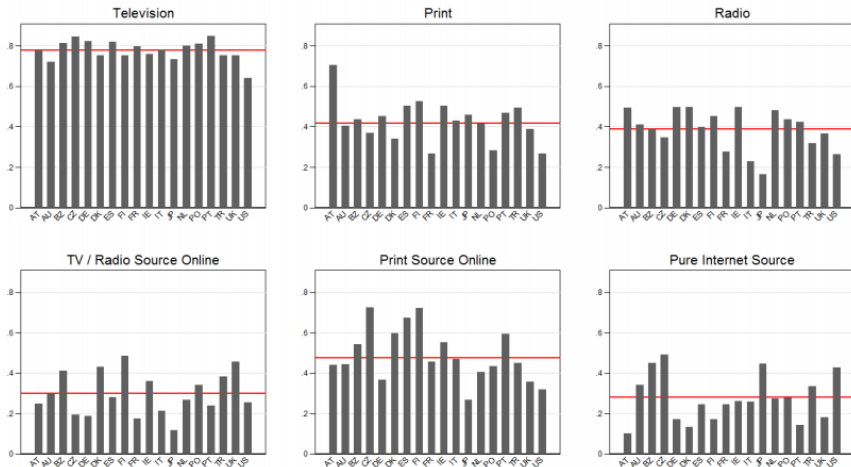
Why is the media special?

- ▶ We'll discuss
 - ▶ Evidence that politicians may seek to influence the media
 - ▶ How the media may (or may not) filter the information in various ways.
 - ▶ How citizens deal with this filtration of information
 - ▶ How this information and its distortions affects voting

Where do people get their news?

Kennedy and Prat (2017)

Share of survey respondents in each country who report getting news from...



Garz and Jorensen (JPubE 2017)

- ▶ Setting:
 - ▶ Germany
- ▶ Exogenous variation in coverage of criminal investigation of politicians due to co-occurrence of other newsworthy events (e.g. natural disasters).
- ▶ More coverage increases the chances of an investigated politician resigning.

Snyder and Stromberg (JPE 2008)

- ▶ This paper instruments for newspaper coverage of a congressman using random variation in the overlap of media markets and congressional districts, due to redistricting.
 - ▶ “Congruence” is the level of overlap, which causes more coverage.
 - ▶ Look at impacts of voter information about congressman, and some measures of the performance of the congressman

Snyder and Stromberg (JPE 2008)

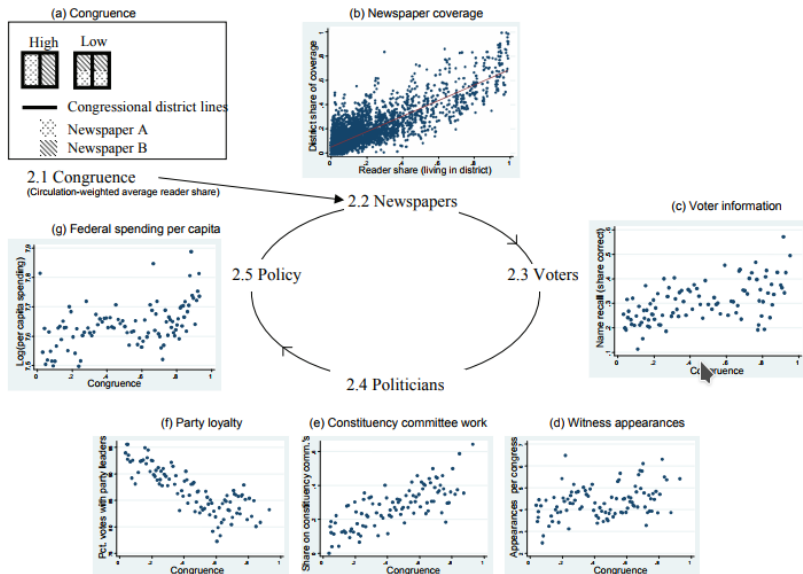


Figure 1: Structure of empirical investigation

Ash, Morelli, and Van Weelden (JOP 2017)

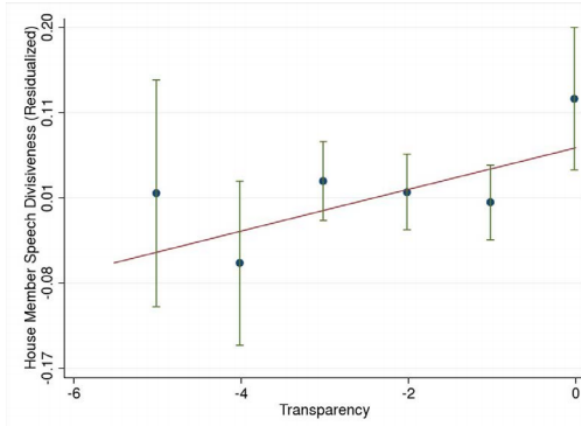
Divisive Phrases Associated with Republicans

adult stem cell	health saving account	personal income tax
balanced budget constitution	income tax rate	right bear arm
billion barrel oil	iraq study group	small business owner
capital gain tax	largest tax increase	special interest group
center medicare medicaid	marginal tax rate	stand adjournment previous
embryonic stem cell	marriage tax penalty	stood trillion hundred
federal debt stood	medical saving account	tax increase history
federation independent business	national drug control	trade promotion authority
free enterprise system	national federation independent	trillion cubic foot
global war terror	oil natural gas	wage price control
gross national product	partial birth abortion	windfall profit tax

Divisive Phrases Associated with Democrats

allocation current level	cut social security	prescription drug cost
billion trade deficit	distinguished republican leader	prescription drug plan
boehlert boehner bonilla	education health care	resolve committee union
child health insurance	give tax break	tax break wealthy
civil right movement	johnson sam jones	tax cut wealthiest
civil service discharged	late term abortion	tax cut wealthy
committee interior insular	managed care plan	test ban treaty
comprehensive test ban	martin luther king	trade deficit billion
conduct hearing entitled	minimum wage worker	veteran health care
cost prescription drug	nuclear arm race	victim domestic violence
credit card company	oversight government reform	woman right choose

Figure 2
House Member Speech Divisiveness by Transparency Level



This figure plots the residuals from a regression of House member speech divisiveness on a year fixed effect and member fixed effect, grouped in bins of width 1. Red line gives linear fit. Error spikes indicate 95% confidence intervals. Speech divisiveness constructed from Senate speech.

McMillan and Zoido (2004)

- ▶ Peru's President Fujimori bribed a wide variety of people for support during the May 2000 election
 - ▶ His cabinet, politicians, judges, media, etc.
- ▶ His chief security officer Vladmiro Montesinos Torres actually paid the bribes. Montesinos kept detailed records, with receipts, and even videotaped all bribe transactions.
- ▶ McMillan and Zoido (2004) analyze the videotapes and receipts to determine the price of support from various types of people
- ▶ Key finding: bribes to media owners are orders of magnitude larger than bribes to anyone else

Bribes of Politicians

Table 2
Political Capture

<i>Name</i>	<i>Party</i> <i>(Presidential candidate)</i>	<i>Bribe</i> <i>(Monthly)</i>	<i>Favors</i>
<i>Those who changed their party for Peru 2000 (Fujimori's party)</i>			
José Luis Cáceres Velásquez	FREPAP (Ataucusi)	US\$20,000	(*) +US\$50,000 (one-time) +US\$100,000 (one-time) +Judicial favors
Róger Cáceres Pérez	FREPAP (Ataucusi)	US\$20,000	
Ruby Rodríguez de Aguilar	APRA (Salinas)	US\$50,000	Judicial favors for her husband
Jorge Polack Merel	PSN (Castañeda)	**	Vice President of the Foreign Relations Commission in Congress
Juan Carlos Miguel	PSN (Castañeda)	US\$10,000	
Mendoza del Solar	PP (Toledo)	US\$10,000	US\$15,000 (signing bonus) +US\$20,000 (car) +US\$3,000 (apartment). Land deal in Titicaca
Gregorio Ticona Gómez	PP (Toledo)	US\$10,000	Lake that would insure his reelection
José Luis Elías Ávalos	A (Salas)	US\$15,000	+US\$40,000 ("campaign reimbursement") +US\$60,000 (continue campaigning)
Antonio Palomo Orefice	PP (Toledo)	US\$20,000	
Mario Gonzáles Inga	PP (Toledo)	US\$20,000	
Alberto Kouri	PP (Toledo)	US\$15,000	
Edilberto Canales Pillaca	PP (Toledo)		Judicial favors, Apparently no payment
Eduardo Farah	PSN (Castañeda)		

Bribes of television media

Table 4
Media Capture

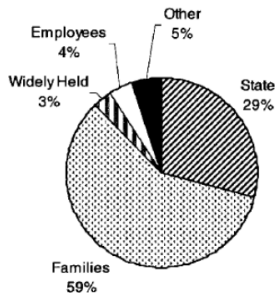
<i>TV channels</i>	<i>Bribe estimates</i>
America Television (Channel 4) Jose Francisco Crousillat	US\$9,000,000 in a signed contract for US\$1,500,000 per month from November 1999 to April 2000, possibly more (C) US\$619,000 in October 1998, promised more monthly payments (C) (BH)
Frecuencia Latina (Channel 2) Samuel and Mendel Winter (owners after Baruch Ivcher exiled)	US\$3,000,000 in a signed contract for US\$500,000 per month from November 1999 to April 2000, possibly more (R) US\$3,073,407 on December 1999 for an increase of capital that gave 27 percent of shares to Montesinos (R)
Panamericanan Television (Channel 5) Manuel Delgado Parker (brother of Genaro) and Ernest Schutz (shareholders)	US\$9,000,000 contract agreed by Shutz and Montesinos on video 1783. In total Montesinos claims he handed \$10,600,000 to Schutz (BH) US\$350,000 handed by Montesinos to Shutz, video screened by congress on October 2, 2001 (BH)
Cable Canal De Noticias CCN (Cable Channel Network) Vicente Silva Checa (Video 1778)	US\$2,000,000 for his shares in the CCN to the Ministry of Defense in November 1999 (C)
Andina de Televisión (ATV) (Channel 9) Julio Vera	US\$50,000 to fire Cecilia Valenzuela and Luis Iberico (C)
Red Global (Channel 13) Genaro Delgado Parker (brother of Manuel)	In exchange business help and judicial favors, Delgado Parker fired popular commentator Cesar Hidelbrandt (C)

Interpretation

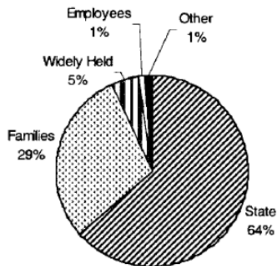
- ▶ Several potential explanations for why media's bribes are so much larger.
 - ▶ Income effects. Politician / judge bribes were between 1 - 10 times official salary. For television station owners, similar proportions of income would imply much larger bribes.
 - ▶ Hold-up power. Any single television station has potential to sway many voters, so each one has substantial bargaining power.
 - ▶ Note that in Congress, he bribed only enough people for a minimum winning coalition, plus a few more. This implies minority congressmen have very little bargaining power, and can compete rents down.
 - ▶ For television, he bribes all television stations. Since even one television station can reach many people, you need to bribe all television stations. This implies that even one television station has a lot of bargaining power.
- ▶ Bottom line: at least as judged by bribe payments, media is a quite important part of the political process.
 - ▶ Related aside: a top priority for coup holders is seizing control of the media

Djankov et al (2003): Political influence over media is systematic

Press Ownership, by Share



TV Ownership, by Share



Media ownership more common in autocratic regimes

TABLE 4
DETERMINANTS OF STATE OWNERSHIP OF THE MEDIA ($N = 97$ Countries)

State Ownership	Gross National Product per Capita	State-Owned Enterprise Index	Autocracy	Primary School Enrollment	Constant	R^2
Press (by share)	-.0086** (.0026)	-.0181 (.0113)	-.6709** (.1441)	-.0031 (.0023)	1.2522** (.2341)	.4920
Television (by share)	.0046 (.0033)	-.0283* (.0132)	-.5849** (.1009)	-.0028 (.0017)	1.4371** (.1719)	.3835
Radio	-.0031 (.0060)	-.0463** (.0175)	-.3600** (.0983)	-.0041** (.0015)	1.6043** (.1465)	.3058

- (autocracy defined so 0=autocratic, 1=non-autocratic)

Media Bias

- ▶ The media plays an important role in the political process.
 - ▶ But private media also has its own agenda: maximizing profits.
- ▶ How does the profit motive interact with media's special role as a provider of information?
 - ▶ In particular, how does the media filter information?

What does media bias look like?

- ▶ Examples from Gentzkow and Shapiro (2006)
 - ▶ Fox News:
 - ▶ In one of the deadliest reported firefights in Iraq since the fall of Saddam Hussein's regime, US forces killed at least 54 Iraqis and captured eight others while fending off simultaneous convoy ambushes Sunday in the northern city of Samarra.
 - ▶ New York Times:
 - ▶ American commanders vowed Monday that the killing of as many as 54 insurgents in this central Iraqi town would serve as a lesson to those fighting the United States, but Iraqis disputed the death toll and said anger against America would only rise.
 - ▶ Al-Jazeera.net:
 - ▶ The US military has vowed to continue aggressive tactics after saying it killed 54 Iraqis following an ambush, but commanders admitted they had no proof to back up their claims. The only corpses at Samarra's hospital were those of civilians, including two elderly Iranian visitors and a child.

Some theoretical predictions (Gentzkow and Shapiro 2006)

- ▶ Media may introduce bias into its coverage
- ▶ Competition can either
 - ▶ Decrease bias if it increases probability of truth being revealed
 - ▶ Lead to segmentation of market according to bias
- ▶ Bias can affect actions of citizens, even if they understand there is bias
 - ▶ People adjust their media consumption choices optimally given their beliefs and the bias of the media

Empirical questions on bias

- ▶ Empirical questions we'll examine:
 - ▶ Does competition reduce bias?
 - ▶ Does biased media affect voting?
 - ▶ Do people update more if media reports are contrary to bias?
- ▶ Note: this evidence all comes from the U.S.

Measuring bias in television news

Gentzkow and Shapiro (2006)

- ▶ For 2000 election, observe the number of seconds of speaking time given to George Bush vs. Al Gore in local news broadcasts
- ▶ Define bias for a station i as

$$bias_i = \left(\frac{bush_i}{bush_i + gore_i} - \frac{1}{2} \right)^2$$

- ▶ Regress bias on the number of stations in the market (measure of competition)
 - ▶ Control for census region fixed effects, log population, and log income per capita

Does competition affect bias?

Gentzkow and Shapiro (2006)

TABLE 1
COMPETITION AND BIAS IN LOCAL NEWS COVERAGE OF THE 2000 ELECTION

	(1)	(2)	(3)	(4)
Number of local news broadcasts, 2002	-.0057 (.0025)	-.0064 (.0025)	-.0062 (.0030)	-.0062 (.0031)
Census region controls?	no	yes	yes	yes
Log(population), 2000			-.0006 (.0043)	-.0004 (.0053)
Log(income per capita), 1999				-.0013 (.0188)
Observations	58	58	58	58
R^2	.0834	.1747	.1751	.1752

Does biased media affect voting?

DellaVigna and Kaplan (2007)

- ▶ Examine entry of Fox News, which is a right-leaning cable news network in the US, on change in Republican vote share between 1996 and 2000 Presidential elections

$$\Delta RepubVote_{it} = COUNTY_i + \beta FoxNews_{it} + \varepsilon_{it}$$

- ▶ includes county fixed effects, so identified off which counties received Fox news and which did not.

Does biased media affect voting?

DellaVigna and Kaplan (2007)

TABLE IV
THE EFFECT OF FOX NEWS ON THE 2000–1996 PRESIDENTIAL VOTE SHARE CHANGE

Dep. var.	Republican two-party vote share change between 2000 and 1996 pres. elections						
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Availability of Fox News via cable in 2000	−0.0025 (0.0037)	0.0027 (0.0024)	0.008 (0.0026)***	0.0042 (0.0015)***	0.0069 (0.0014)***	0.0037 (0.0021)*	0.0048 (0.0019)**
Pres. Rep. vote share change 1988–1992						0.0229 (0.0216)	0.0514 (0.0219)**
Constant	0.0347 (0.0017)***	−0.028 (0.0245)	−0.0255 (0.0236)	0.0116 (0.0154)	0.0253 (0.0185)	−0.0377 (0.0258)	0.0081 (0.0313)
Control variables							
Census controls: 1990 and 2000	—	X	X	X	X	X	X
Cable system controls	—	—	X	X	X	X	X
U. S. House district fixed effects	—	—	—	X	—	X	—
County fixed effects	—	—	—	—	X	—	X
R^2	0.0007	0.5207	0.5573	0.7533	0.8119	0.7528	0.8244
N	$N = 9,256$	$N = 9,256$	$N = 9,256$	$N = 9,256$	$N = 9,256$	$N = 3,722$	$N = 3,722$

Does biased media affect voting?

DellaVigna and Kaplan (2007)

- ▶ Effects come through increases in turnout, not changes in votes of existing voters
- ▶ Magnitude of effect
 - ▶ Fox News increased turnout by 1.78%
 - ▶ Fox news increased Republican vote share by 0.4% – 0.7%
 - ▶ This ratio implies that Fox News convinced 3% – 8% of its viewers to vote Republican, depending on the audience measure.

Does biased media affect voting?

Yurukoglu and Martin (2017)

- ▶ Updated version, using instrumental variables.
- ▶ Next Lecture.

Other work on Fox News

- ▶ Schroeder and Stone, 2015:
 - ▶ increases knowledge about issues favorable to Republicans
- ▶ Clinton and Enamorado 2014:
 - ▶ made congressmen less supportive of Bill Clinton (Democratic president)
- ▶ Arceneaux et al 2015:
 - ▶ increased congressman support for Republican party position in divisive votes, but effect was small and limited to a few districts.

Chiang and Knight (2008)

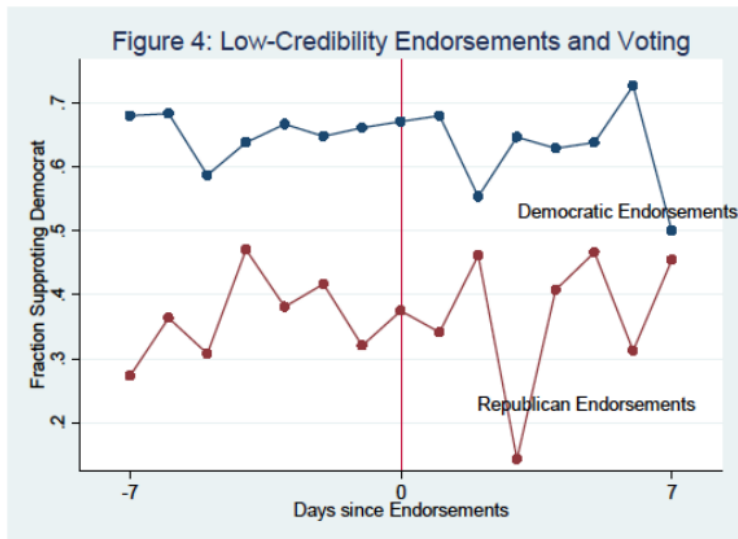
- ▶ Examine the impact of newspaper endorsements of Presidential candidates on support for the candidate.
 - ▶ Prediction: those endorsements that are surprises i.e., contrary to slant, have a bigger impact
- ▶ Approach:
 - ▶ Use daily tracking poll data to identify the impact of the endorsement per se
 - ▶ For each newspaper, calculate predicted probability of endorsing a Democrat or Republican based on the newspapers owner and the demographics of the newspapers readership.
 - ▶ Alternative approach: calculate from history of endorsements

Chiang-Knight (2008): Predictions

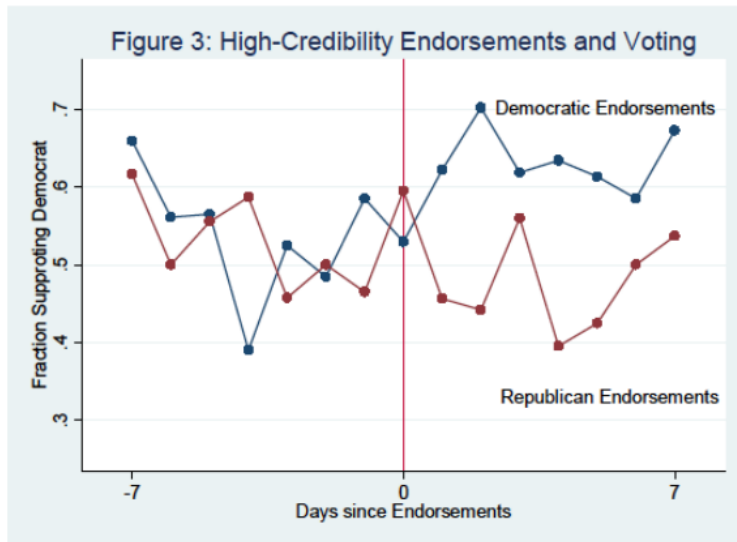
TABLE 4
Influence of top 20 newspapers in 2000[†]

Newspaper	Reader support for Gore (%)	Group owner [‡]	Probability of endorsing Gore (%)	Actual endorsement	Implied influence (%)
<i>New York Times</i>	75	New York Times	90	Gore	0.50
<i>Washington Post</i>	64	—	54	Gore	2.10
<i>New York Daily News</i>	67	—	58	Gore	1.90
<i>Chicago Tribune</i>	53	—	36	Bush	-1.70
<i>Newsday</i>	57	—	44	Gore	2.60
<i>Houston Chronicle</i>	39	Hearst	34	Bush	-1.60
<i>Dallas Morning News</i>	35	—	17	Bush	-0.87
<i>Chicago Sun Times</i>	67	—	58	Bush	-2.70
<i>Boston Globe</i>	72	New York Times	89	Gore	0.50
<i>San Francisco Chronicle</i>	74	Hearst	82	Gore	0.90
<i>Arizona Republic</i>	41	—	20	Bush	-1.00
<i>New York Post</i>	49	—	31	Bush	-1.50
<i>Rocky Mountain News</i>	47	—	28	Bush	-1.30
<i>Denver Post</i>	52	—	35	Gore	3.10
<i>Philadelphia Inquirer</i>	59	Knight Ridder	82	Gore	0.90
<i>Union-Tribune</i>	51	—	34	Bush	-1.60

Chiang-Knight (2008): Expected Endorsements



Chiang-Knight (2008): Surprise Endorsements



- ▶ “Drawing on web browsing data, archives of fact-checking websites, and results from a new online survey, we find:”
 1. social media was an important but not dominant source of election news, with 14 percent of Americans calling social media their “most important” source
 2. of the known false news stories that appeared in the three months before the election, those favoring Trump were shared a total of 30 million times on Facebook, while those favoring Clinton were shared 8 million times
 3. the average American adult saw on the order of one or perhaps several fake news stories in the months around the election, with just over half of those who recalled seeing them believing them
 4. people are much more likely to believe stories that favor their preferred candidate, especially if they have ideologically segregated social media networks.

Figure 2
Trends Related to Fake News

A: Trust in Mainstream Media

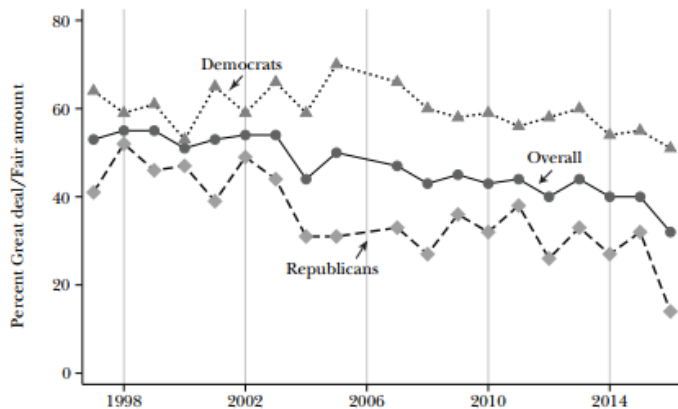
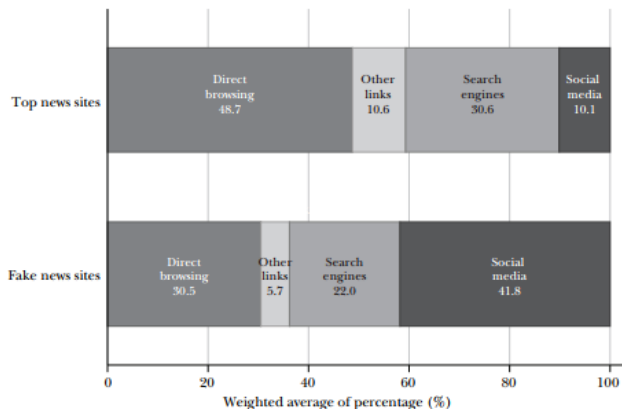


Figure 3

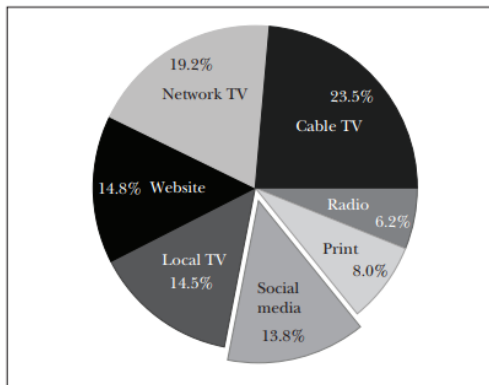
Share of Visits to US News Websites by Source



Note: This figure presents the share of traffic from different sources for the top 690 US news websites and for 65 fake news websites. "Other links" means impressions that were referred from sources other than search engines and social media. "Direct browsing" means impressions that did not have a referral source. Sites are weighted by number of monthly visits. Data are from Alexa.

Figure 4

Most Important Source of 2016 Election News



Notes: Our post-election survey asked, "Which of these sources was your most important source of news and information about the 2016 election?" This figure plots responses. Observations are weighted for national representativeness.

Table 1

What Predicts Correct Beliefs about News Headlines?

	(1)	(2)	(3)	(4)	(5)
Democrat	0.029 (0.020)	-0.004 (0.023)	0.028 (0.019)	-0.010 (0.021)	0.015 (0.013)
Republican	-0.024 (0.024)	0.040 (0.027)	-0.037* (0.020)	0.021 (0.023)	-0.018 (0.014)
ln(Daily media time)			-0.002 (0.007)	0.042*** (0.008)	0.013*** (0.004)
Social media most important			-0.066*** (0.025)	0.065*** (0.024)	-0.023 (0.016)
Use social media			0.014 (0.030)	-0.023 (0.038)	0.002 (0.019)
Social media ideological segregation			-0.027 (0.036)	0.028 (0.046)	-0.008 (0.024)
Education			0.014*** (0.004)	0.004 (0.004)	0.011*** (0.003)
Undecided			-0.011 (0.017)	0.006 (0.022)	-0.005 (0.013)
Age			0.002*** (0.000)	0.000 (0.001)	0.002*** (0.000)
N	12,080	6,040	12,080	6,040	18,120
p-value (Democrat = Republican)	0.029	0.124	0.004	0.207	0.035
Articles in sample	False	True	False	True	All