19. Media and Politics

Elliott Ash

Fiscal Policy and Inequality

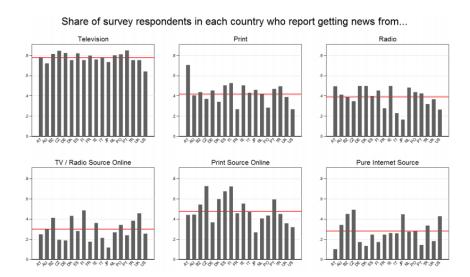
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- Information acquisition and transmission is a high fixed cost, low marginal cost activity.
 - So it doesn't make sense for each citizen to collect information directly
 - (i.e., everyone can't be a reporter)
- ► The media are the organizations either public, private non-profit, or private for-profit that collect this information and distribute it to citizens.

- ► 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)



Outline

Transparency and Politics

Political Control of Media

Media Bias

Newspaper Endorsements

Social media and the 2016 election

Garz and Jorensen (JPubE 2017)

- ► Setting:
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- 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)

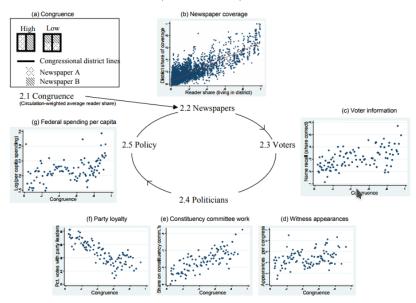


Figure 1: Structure of empirical investigation

Ash, Morelli, and Van Weelden (JOP 2017)

Divisive Phrases Associated with Republicans

adult stem cell
balanced budget constitution
billion barrel oil
capital gain tax
center medicare medicaid
embryonic stem cell
federal debt stood
federation independent business
free enterprise system
global war terror

gross national product

health saving account income tax rate iraq study group largest tax increase marginal tax rate marriage tax penalty medical saving account national drug control national federation independent oil natural gas partial birth abortion

personal income tax right bear arm small business owner special interest group stand adjournment previous stood trillion hundred tax increase history trade promotion authority trillion cubic foot wage price control windfall profit tax

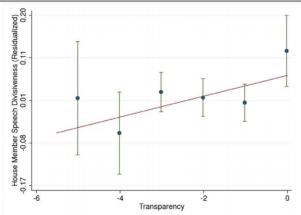
Divisive Phrases Associated with Democrats

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

prescription drug cost prescription drug plan resolve committee union tax break wealthy tax cut wealthiest tax cut wealthy test ban treaty trade deficit billion veteran health care victim domestic violence woman right choose

Ash, Morelli, and Van Weelden (JOP 2017)

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.

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- 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

Name	Party (Presidential candidate)	Bribe (Monthly)	Favors
Tho	ose who changed their party	for Peru 2000	(Fujimori's party)
José Luis Cáceres Velásquez	FREPAP (Ataucusi)	US\$20,000	(*) +US\$50,000 (one-time) +US\$100,000 (one-time) +Judicial favors
Róger Cáceres Pérez Ruby Rodríguez de Aguilar Jorge Polack Merel	FREPAP (Ataucusi) APRA (Salinas) PSN (Castañeda)	US\$20,000 US\$50,000 **	Judicial favors for her husband Vice President of the Foreign Relation Commission in Congress
Juan Carlos Miguel Mendoza del Solar	PSN (Castañeda)	US\$10,000	
Mendoza del Solar Gregorio Ticona Gómez	PP (Toledo)	US\$10,000	US\$15,000 (signing bonus) +US\$20,000 (car) +US\$3,000 (apartment). Land deal in Titicaca 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 Mario Gonzáles Inga Alberto Kouri Edilberto Canales Pillaca Eduardo Farah	PP (Toledo) PP (Toledo) PP (Toledo) PP (Toledo) PSN (Castañeda)	US\$20,000 US\$20,000 US\$15,000	Judicial favors, Apparently no paymen

Bribes of television media

Table 4 Media Capture

TV channels	Bribe estimates			
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)			
Frequencia 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 capit that gave 27 percent of shares to Montesinos (R)			
Panamericanan Television (Channel 5) Manuel Delgado Parker (brother of Genaro) and Ernest Schutz	US\$9,000,000 contract agreed by Shutz and Montesinos of video 1783. In total Montesinos claims he handed \$10,600,000 to Schutz (BH)			
(shareholders)	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) <i>Genaro</i> 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.

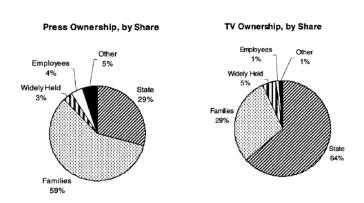
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 - ► Hold-up power. Any single television station has potential to sway many voters, so each one has substantial bargaining power.
 - Note that in Congress, he bribed only enough people for a minimum winning coalition, plus a few more. This implies 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.

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- ▶ 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



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**	0181	6709**	0031	1.2522**	.4920
	(.0026)	(.0113)	(.1441)	(.0023)	(.2341)	
Television (by share)	.0046	0283*	5849**	0028	1.4371**	.3835
	(.0033)	(.0132)	(.1009)	(.0017)	(.1719)	
Radio	0031	0463**	3600**	0041**	1.6043**	.3058
	(.0060)	(.0175)	(.0983)	(.0015)	(.1465)	

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

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- ▶ 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.

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 - ► 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.

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 - ► 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)

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- 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:
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 - 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

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

Does competition affect bias?

Gentzkow and Shapiro (2006)

 $\begin{tabular}{ll} TABLE~1\\ Competition~and~Bias~in~Local~News~Coverage~of~the~2000~Election \end{tabular}$

	(1)	(2)	(3)	(4)
Number of local news broadcasts,	0057	0064	0062	0062
2002	(.0025)	(.0025)	(.0030)	(.0031)
Census region controls?	no	yes	yes	yes
Log(population), 2000		•	0006	0004
			(.0043)	(.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

	Republican two-party vote share change between 2000 and 1996 pres. elections						
Dep. var.	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Availability of Fox News via	-0.0025	0.0027	0.008	0.0042	0.0069	0.0037	0.0048
cable in 2000	(0.0037)	(0.0024)	(0.0026)***	(0.0015)***	(0.0014)***	(0.0021)*	$(0.0019)^{++}$
Pres. Rep. vote share change						0.0229	0.0514
1988-1992						(0.0216)	$(0.0219)^{**}$
Constant	0.0347	-0.028	-0.0255	0.0116	0.0253	-0.0377	0.0081
	(0.0017)***	(0.0245)	(0.0236)	(0.0154)	(0.0185)	(0.0258)	(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	_	_	_	X	_	X	_
effects							
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

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 - ▶ increases knowledge about issues favorable to Republicans

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- Arceneaux et al 2015:
 - increased congressman support for Republican party position in divisive votes, but effect was small and limited to a few districts.

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Chiang and Knight (2008)

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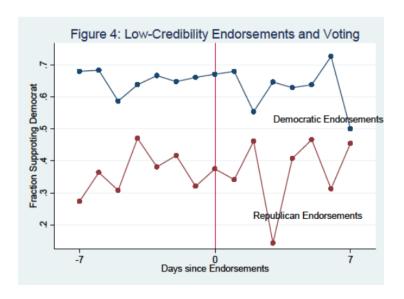
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 - Prediction: those endorsements that are surprises i.e., contrary to slant, have a bigger impact
- Approach:
 - Use daily tracking poll data to identify the impact of the endorsement per se
 - ► For each newspaper, calculate predicted probability 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

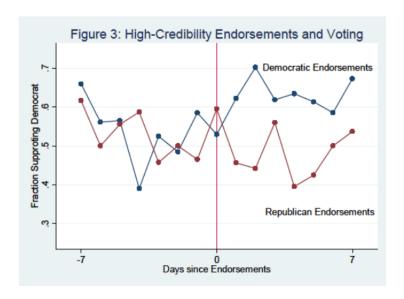
TABLE 4
Influence of top 20 newspapers in 2000[†]

Newspaper	Reader support for Gore (%)	Group owner [‡]	Probability of endorsing Gore (%)	Actual endorsement	Implied influence (%)	
New York Times 75		New York Times	90	Gore	0.50	
Washington Post	64	_	54	Gore	2.10	
New York Daily News	67	-	58	Gore	1.90	
Chicago Tribune	53	-	36	Bush	-1-70	
Newsday	57	_	44	Gore	2.60	
Houston Chronicle	39	Hearst	34	Bush	-1-60	
Dallas Morning News	35	-	17	Bush	-0-87	
Chicago Sun Times	67	-	58	Bush	-2.70	
Boston Globe	72	New York Times	89	Gore	0.50	
San Francisco Chronicle	74	Hearst	82	Gore	0.90	
Arizona Republic	41	_	20	Bush	-1-00	
New York Post	49	_	31	Bush	-1.50	
Rocky Mountain News	47	_	28	Bush	-1-30	
Denver Post	52	_	35	Gore	3.10	
Philadelphia Inquirer	59	Knight Ridder	82	Gore	0.90	
Union-Tribune	51	_	34	Bush	-1-60	

Chiang-Knight (2008): Expected Endorsements



Chiang-Knight (2008): Surprise Endorsements



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 - 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
 - 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

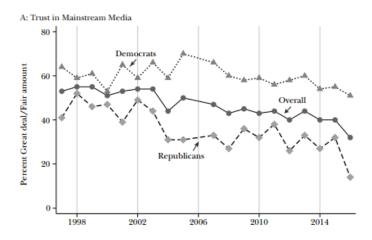
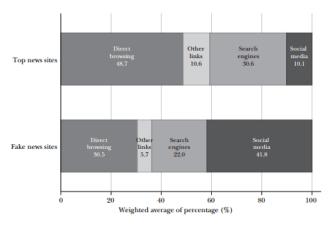
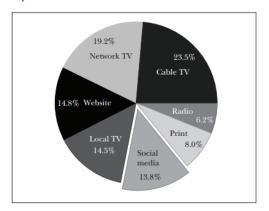


Figure 3
Share of Visits to US News Websites by Source



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			(0.000)	0.000 (0.001)	(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