

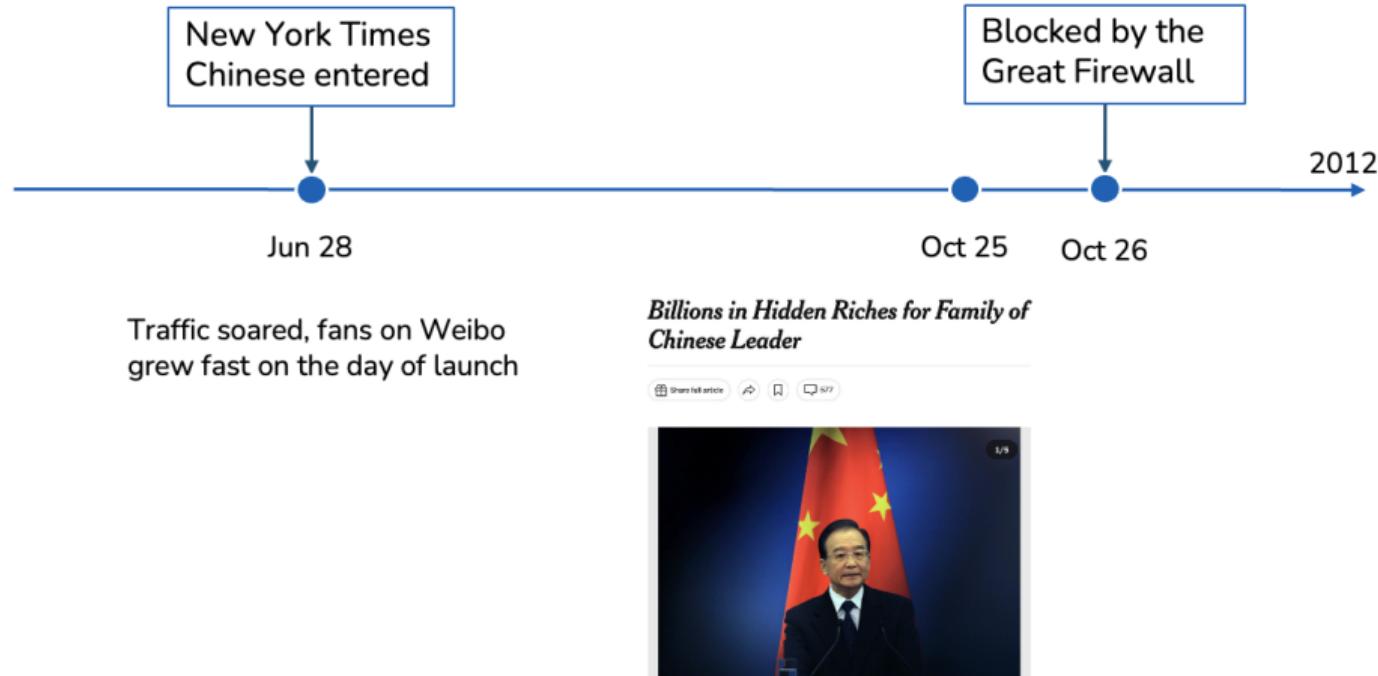
Foreign Media and Domestic Impact

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Background

- ▶ China: limited press freedom, strict online censorship, and state dominance in news production
- ▶ New York Times: investigative reporting, editorial autonomy



Research Question

- ▶ How does the foreign media affect the government's choice of media bias?
- ▶ Does the foreign media reporting change citizens' actions?

Literature Review

- ▶ **Existence:** Television (Peisakhin and Rozenas, 2018), Fox News Channel (DellaVigna and Kaplan, 2007), Newspaper (Chiang and Knight, 2011), Radio (Adena et al., 2015), China Party papers (Qin et al., 2018)
- ▶ **Impacts:** Increased political participation (Gentzkow et al., 2011), decreased voter turnout (Falck et al., 2014), reduced cognitive sophistication (entertainment TV) (Durante et al., 2019), downplaying threats → more COVID-19 cases/deaths (Bursztyn et al., 2023)
- ▶ **Sources (Theory):** Ideological bias of reporters (Baron, 2006), political capture (Besley and Prat, 2006), media reputational concerns (Gentzkow and Shapiro, 2006), readers' confirmatory cognitive bias (Mullainathan and Shleifer, 2005)
- ▶ **Propaganda:** Participation & sentiment in conflicts (DellaVigna et al., 2014; Yanagizawa-Drott, 2014), Nazi vote share via radio (Adena et al., 2015), anti-foreign sentiment (Mattingly and Yao, 2022); Theory of government media control (Gehlbach and Sonin, 2014), citizen skepticism (Horz, 2021), strategic manipulation based on credulity (Little, 2017)

Contribution: Provide evidence on **cross-country media influence** through theory-grounded empirical analysis.

Example of Media Bias

- ▶ NYT Chinese: Detentions of Muslims in Xinjiang
- ▶ Global Times: "Xinjiang papers 'pure fabrication'"



Figure: NYT Chinese (left) and Global Times (right)

Model

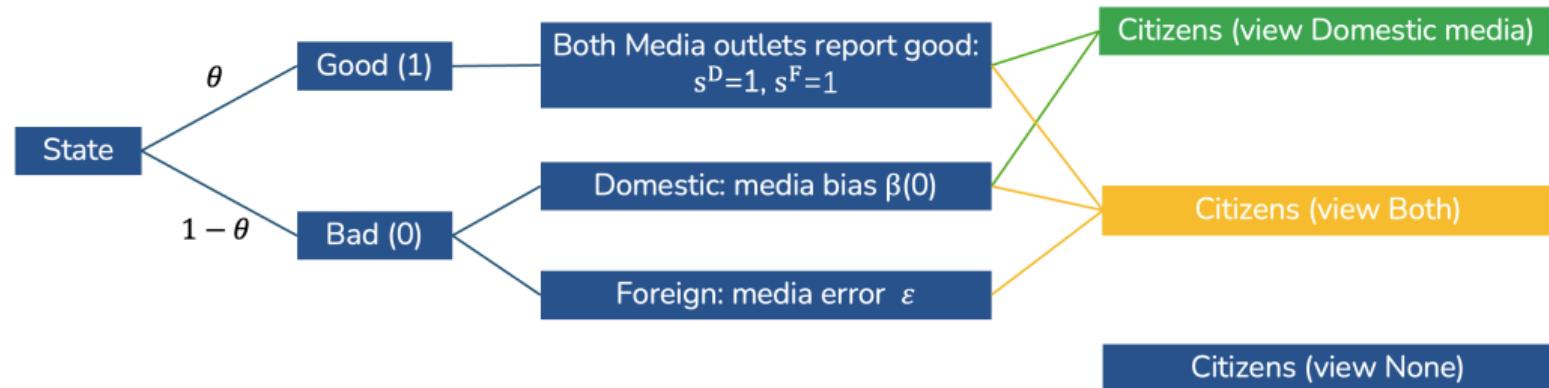
Exogenous Foreign Media

- ▶ State: $s \in \{0, 1\}$
- ▶ Common prior: $Pr(s = 1) = \theta$
- ▶ Domestic media strategy: $\beta(s) = Pr(s^D = 1|s)$
- ▶ Domestic media report: $s^D \in \{0, 1\}$
- ▶ Foreign media strategy (exogenous): $\beta^F(1) = 1, \beta^F(0) = \epsilon$
- ▶ Foreign media report: $s^F \in \{0, 1\}$
- ▶ Citizens distributed on a continuum of news-viewing costs $\mu_i \sim \mathcal{U}[0, 1]$
- ▶ Citizens news choices: $\omega_i^D, \omega_i^F \in \{0, 1\}$
- ▶ Citizens actions: $a_i \in \{0, 1\}$

Model

Exogenous Foreign Media

- ▶ Media outlets set strategies: $\beta(s), \beta^F(s)$
- ▶ Citizens make news consumption choices: ω_i^D, ω_i^F



Payoff

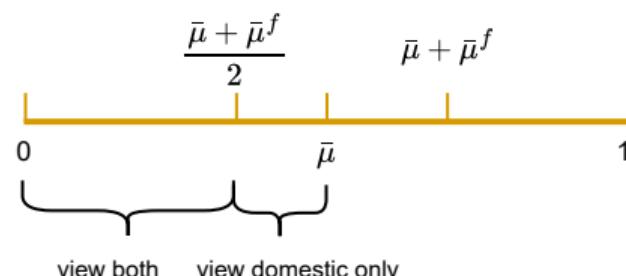
Government Payoff

$$u_G = \psi \int_0^1 a_i \, di + \gamma \int_0^1 \omega_i \, di,$$

Citizens' Payoff

$$u_i(a_i, s) = \begin{cases} q & \text{if } a_i = s = 0 \\ 1 - q & \text{if } a_i = s = 1 \\ 0 & \text{otherwise} \end{cases}$$

Assuming $\theta < q$, citizens without further information will always choose $a_i = 0$.



Equilibrium

The equilibrium level of media bias is

$$\beta^*(0) = \max\left\{0, \frac{\frac{1}{2}\psi\theta(2\epsilon - q - 1) - \gamma q}{\frac{1}{2}\psi(1 - \theta)[2 + q - \epsilon - 2\epsilon^2q]}\right\}$$

The equilibrium level of collective action is

$$\bar{a}^* = \theta^2(1 - q) + \frac{1}{2}\theta(1 - \theta)\beta^*(0)(\epsilon(1 + q) - 3q + 1) + \frac{1}{2}(1 - \theta)^2\beta^*(0)^2q(\epsilon^2 + \epsilon - 2)$$

Comparative statics

- ▶ Lower foreign media bias (error), $\beta^F(0) = \varepsilon \downarrow \Rightarrow$ lower domestic media bias, $\beta^*(0) \downarrow$.
- ▶ Higher domestic media bias, $\beta^*(0) \uparrow \Rightarrow$ higher citizen support, $\bar{a}^* \uparrow$.
- ▶ Higher foreign media bias (error), $\beta^F(0) = \varepsilon \uparrow \Rightarrow$ higher citizen support, $\bar{a}^* \uparrow$.

Data

Hypotheses

- ▶ Lower foreign media bias, $\beta^F(0) \downarrow \Rightarrow$ lower domestic media bias, $\beta^*(0) \downarrow$.
- ▶ Higher foreign media bias, $\beta^F(0) \uparrow \Rightarrow$ higher citizen support, $\bar{a}^* \uparrow$.

Data

- ▶ Foreign Media: New York Times Chinese
- ▶ Domestic Media: China Core Newspapers Database (CCND)
- ▶ Citizens' Actions: Strikes/protests events (Qin et al., 2021)

Measuring media bias: probability of deviation from the bad state

- ▶ Intensity of Coverage of topics: corruption, human rights violation, economic downturns, disasters, leader mentions
- ▶ Anti-foreign or Anti-China sentiment
- ▶ Citations of news outlets / policy groups
- ▶ Use of words

Identification Challenge

OLS

$$bias_{it}^D = \alpha + \beta bias_{t-1}^F + X_t' \gamma + \mu_i + u_{it},$$

$$n_protests_t = \alpha + \beta Bias_{t-1}^F + \epsilon_t$$

- ▶ newspaper i, time t
- ▶ Controls: GDP-release dummy, unemployment, inflation, major propaganda campaigns and political anniversaries (e.g., Party Congress, National Day)

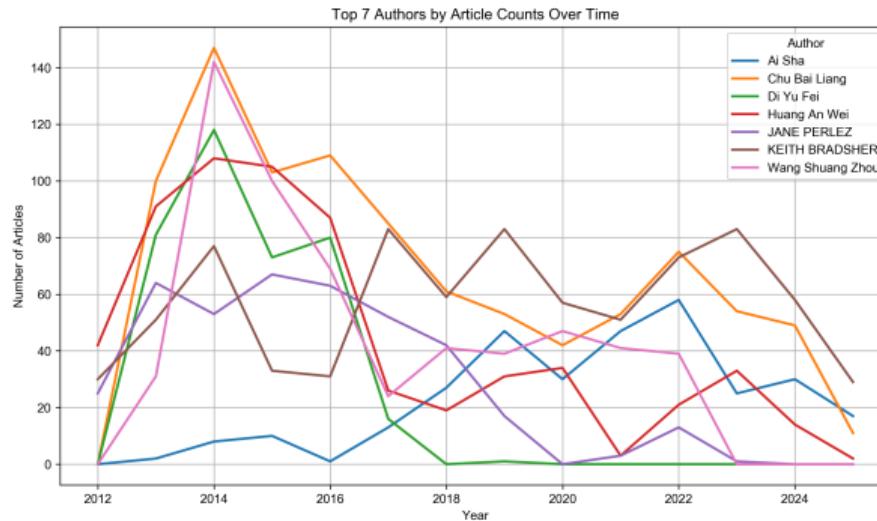
Endogeneity

- ▶ Omitted variables: underlying true state affects both foreign and domestic reporting
- ▶ Reverse causality: domestic events and citizen actions can influence foreign media coverage

Identification Strategies

► IV: Author Activity

- **Relevance:** Author activity (assignment, workload, availability) strongly predicts which corruption cases are covered and coverage intensity.
- **Exclusion Restriction:** Authors cannot affect corruption or domestic editorial slant



Identification Strategies

$$\begin{aligned}\text{LocalNewspaperBias}_{ijt} = & \mu_i + \lambda_1 Post_{jt} + \lambda_2 Block_{jt} \\ & + \beta_1 (Internet_i \times Post_{jt}) + \beta_2 (Internet_i \times Block_{jt}) \\ & + X'_{it} \theta + \varepsilon_{ijt}.\end{aligned}$$

- ▶ i = province, j = topic, t = time
- ▶ Time variation: $Post_{jt}$, $Block_{jt}$
- ▶ Regional variation: $Internet_i$ (2012 internet penetration rate)
- ▶ Interaction terms capture heterogeneous responses across provinces
- ▶ μ_i = province fixed effects; X_{it} = controls