The Political Economy of Mass Media

David Strömberg

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Media and Politics

- Media has a unique role transmitting information to mass audiences, potentially producing
  - policial accountability and
  - bias.
and corruption is not driven by the differences between developed and less developed countries alone. This regression estimates the base specification for a sample containing only less developed (non-OECD) countries. The coefficient of PRESS is significant and of the expected sign. BUREAU remains significantly related to corruption whereas the coefficient of RULE is not significant in this regression. Compared to regression (1) the adjusted $R^2$ drops sharply from 0.67 to 0.38 indicating that including the developed countries in the sample improves the fit of the regression. To exclude possible outliers we restricted the sample to observations with residuals plus minus two standard deviations (results not reported). The results are not affected (the coefficient of press freedom is 0.017 with a $t$ statistic of 5.4. Column (3) shows the results of a two-stage least squares
Media Pluralism as a Defense against Capture

Besley and Prat (2006)

**Proposition**

*Turnover of politicians and voter welfare are nondecreasing in*

- *The number of newspapers* $n$;
- *Audience-related news revenues* $a$;
- *Transaction cost between government and media* $\tau$.

- Capture by interest groups (Corneo 2006); Inequality and capture (Petrova 2007).
Cross-country: Media concentration correlated with negative political outcomes. Djankov et al. (2003).

Argentinian newspapers with more government-funded advertising cover corruption less (Di Tella-Franceschelli, 2009).

Studied aspects of free media: what, how, who?

- **What** issues do the media cover?
- **How** are they covered?
- **Who** gets the news?
Accountability

- Media provides information.
- Voters can better hold politicians accountable on issues of which they are informed.
- More political effort and better policies for voters who get the news and for covered issues.

Proposition

*Public expenditures, $e_i^*$, to group $i$ are increasing in (a) the share of media users, $r_i$, *(who gets the news)* and (b) the amount of coverage by the media to issues affecting that group, $q_i$, *(what issues are covered)*.
Evidence: (a) Who gets the news influences policy

- Voter turnout and New Deal spending increasing in share households with radio. (Strömberg, 1999, 2004b).
  - Introduction of radio. Improved media access in rural America 1920-1940.
  - Identification: quality of reception (ground conductivity) drives radio ownership.

- Newspaper access influenced Indian disaster relief (Besley and Burgess, 2002).
  - Looks at responsiveness, interaction term between need and spending.

- Bias: people without media access receive less benefits.
Evidence: (b) What issues are covered influences policy

- Agenda setting theory of policy effects, (e.g. Soroka, 2003).
  - foreign policy is MIP correlates positively with the number of articles about this issue in leading national media.
  - Defense spending changes in the USA and the UK 1965-2000 correlated to responses to MIP facing the nation.

  - Identification: other newsworthy events crowds out disasters from TV news.
Evidence: Bias favoring journalistically newsworthy issues

*(c)* Media induces bias in U.S. relief to natural disasters favoring newsworthy disasters (Eisensee and Strömberg, 2007).

<table>
<thead>
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<td>Europe</td>
<td>1</td>
</tr>
<tr>
<td>Earthquake</td>
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<td>S. and C. America</td>
<td>3</td>
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<td>Drought</td>
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</tbody>
</table>
Proposition

The outcomes:

(i) the share informed voters,
(ii) the responsiveness of votes to perceived competence differences on issue i, and
(iii) the effort of politicians

are all increasing in (a) the share of media users, $r_i$, and (b) the amount of coverage devoted by the media to issues of interest to that group, $q_i$.

Evidence:

(ii) - Priming literature, e.g. Iyengar and Kinder, 1987.
- Votes responds more to reported corruption in Brazilian municipalities with local radio, (Ferraz and Finan, 2008).
Evidence: Mechanism

Influence of local newspaper coverage on U.S. Congressional politics (Snyder and Strömberg, 2010)
Congruence (match) between media market and congressional district drives coverage

(i) Voter Information

(ii) Effort and selection of politicians

Policy

- Congruence*100 (Additional articles)
- Witness Appearances
- Per capita spending
- Pct. Party Loyal Votes
- Name recall
What is the effect of media ideology on partisan voting?

- Audience filters out ideology, to some extent.
  - Only unexpected endorsements have effects (Chiang and Knight, forthcoming).
  - What issues are covered matters more than how the coverage is ideologically slanted (Gerber, Karlan and Bergan (2006)).

- Audience selects media based on ideological match.

- Significant effects on elections
  - for new media and unstable voter preferences.
    - Fox News increased the Republican vote share in 2000 U.S. presidential election (Della Vigna and Kaplan, 2007).
    - NTV increased the opposition’s vote share in the 1999 Russian election (Enikolopov et al, 2009).
Future research

- Effects of new media technologies.
- Apply empirical methodology to new outcomes.
- Media in authoritarian regimes.
- A theory of optimal media regulation.
- Public service broadcasting
- What determines the ideological position of media.
- What is the effect of media ideology on informativeness.