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journal homepage: [www.elsevier.com/locate/jpube](http://www.elsevier.com/locate/jpube)Government control of the media<sup>☆</sup>Scott Gehlbach<sup>a,\*</sup>, Konstantin Sonin<sup>b</sup><sup>a</sup> University of Wisconsin–Madison, 110 North Hall, 1050 Bascom Mall, Madison, WI 53706, United States<sup>b</sup> Higher School of Economics, Myasnikitskaya 20, Moscow 101000, Russia

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## ABSTRACT

We present a formal model of government control of the media to illuminate variation in media freedom across countries and over time. Media bias is greater and state ownership of the media more likely when the government has a particular interest in mobilizing citizens to take actions that further some political objective but are not necessarily in citizens' individual best interest; however, the distinction between state and private media is smaller. Large advertising markets reduce media bias in both state and private media but increase the incentive for the government to nationalize private media. Media bias in state and private media markets diverge as governments become more democratic, whereas media bias in democracies and autocracies converge as positive externalities from mobilization increase.

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## 1. Introduction

A substantial literature emphasizes the importance of media freedom for good governance.<sup>1</sup> Less is known about the determinants of media freedom itself. Although correlated with the presence of democratic institutions, political institutions alone do not determine media freedom. Many nondemocracies have higher levels of media freedom than many democracies, and media freedom often fluctuates within countries even as political institutions remain unchanged.

What accounts for variation in media freedom across countries and over time? In this paper, we emphasize variation along two dimensions of media freedom: *media ownership*, which might be either state or private, and *media bias*, which we define as the extent to which the media misreport the news in favor of government interests. As we show, media ownership typically influences media bias, but media ownership itself is endogenous to the anticipated bias under state and private ownership.

Our theoretical framework stresses a fundamental constraint facing any government seeking to influence media content: bias in reporting reduces the informational content of the news, thus lowering the likelihood that individuals who need that information to make decisions will

read, watch, or listen to it (e.g., Besley and Prat, 2006). At the margin, pro-government bias therefore reduces media consumption. This constraint operates in two ways. First, excessive media bias works against the government's propaganda interest, as citizens who ignore the news cannot be influenced by it. Second, media bias reduces advertising revenue, as media consumption is less when pro-government bias is large. In general, this reduction in advertising revenue is costly to the government, regardless of whether the media are private, as then the government must subsidize private owners to compensate for lost revenue, or state-owned.

We highlight two variables that influence the operation of this constraint. First, the government may have an interest in “mobilizing” citizens to take actions that further some political objective but are not necessarily in citizens' individual best interest. The degree to which this is the case – *the mobilizing character of the government* – determines the willingness of the government to pay the cost of media bias. Bias is generally greater in state-owned media, though as mobilization increases in importance, bias in state and private media converge. Despite this convergence, the government may be more inclined to seize ownership of private media when mobilization is valuable, as it can save the cost of subsidization by controlling the media directly.

Second, the *size of the advertising market*, which may be influenced by such factors as media technology and economic regulation, determines the opportunity cost of lost consumers due to pro-government bias in reporting. Consistent with the findings of an emerging empirical and theoretical literature (Besley and Prat, 2006; Ellman and Germano, 2009; Petrova, 2010, 2011), we show that private media are less biased when the advertising market is large, as purchasing influence is relatively expensive for the government. We advance on this result to show that growth in the advertising market can also reduce media bias under state ownership, though this effect is comparatively small.

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<sup>1</sup> For a review and related work, see Prat and Strömberg (2011).

Endogenizing ownership, we demonstrate that the government may seize ownership of the media when the advertising market is large, economizing on subsidies and acquiring advertising revenue for itself. A surprising implication is that the relationship between media freedom and the size of the advertising market may be nonmonotonic: holding ownership constant, growth in the advertising market reduces media bias, but the same growth may prompt the government to seize direct control of the media, thus increasing media bias.

Our theoretical framework also provides insight into a number of related issues. Building on a result by Besley and Prat (2006), we demonstrate that our key predictions hold when there is competition among media outlets. We also establish that media bias is greater in autocracies than democracies, and we demonstrate that as governments become more democratic, media bias in state and private media diverge. Finally, we show that citizens may have a preference for media bias if they benefit from mobilization even when it is not individually rational, implying a convergence in media bias between democracies and autocracies as such externalities increase.

Our theory builds on two modeling traditions in the political economy literature. First, we follow the approach pioneered by Shleifer and Vishny (1994) in modeling a bargaining relationship between a politician and a firm. In our case, the firm corresponds to a media outlet, whereas the allocation of control rights corresponds to the ability to decide what to report. Second, we build on a large and growing body of work that attempts to explain the origins of media bias. A useful distinction is sometimes made in this literature between “demand-side” and “supply-side” explanations of media bias.<sup>2</sup> Our paper falls into the latter category: media bias arises because the government wants citizens to take actions that are not necessarily in their individual best interest.

Relative to most work on media bias, the key distinction of our approach is that we model the government as a strategic actor. Closest to our framework is Besley and Prat (2006), who consider the impact of media control on political accountability. Relative to that paper, our work makes three distinct contributions. First, we treat media ownership as endogenous; as a result, we are able to show that media freedom may be nonmonotonic in advertising revenue. Second, we parameterize “regime type,” showing how media freedom depends on the weight that the government places on citizen preferences.<sup>3</sup> Third, we depart from the retrospective-voting environment in Besley and Prat (2006) to consider more general consequences of citizens’ actions.

Our theoretical framework is also closely related to Gentzkow and Shapiro (2006). As in their work, we model Bayesian citizens who may use information reported by the media when making a costly decision whose outcome depends on the state of the world (see also Kamenica and Gentzkow, 2011). The questions we explore in this framework, however, are very different. Also related is Petrova (2010), who examines the tradeoff between advertising revenue and bias, but without modeling the government as a strategic actor.

To situate the model, we begin with a brief discussion of media freedom in postcommunist Russia, an important case that is well understood by scholars. We then proceed to discuss the model itself and various extensions. Proofs for Propositions 3–4, as well as various extensions, are provided in an online appendix.

## 2. Motivation: media freedom in postcommunist Russia

From the failed putsch that triggered the collapse of the Soviet Union in 1991, through the pivotal 1996 presidential campaign, and into the Putin era, what is reported on national television news has been a primary concern of political actors in Russia. The centrality of television news does

<sup>2</sup> See DellaVigna and Gentzkow (2010) for a survey of the empirical and related theoretical literature.

<sup>3</sup> Models of media control in dictatorships include Edmond (2013), Lorentzen (2012), and Egorov et al. (2009).

not, however, imply a blind acceptance of what is reported on the air. Rather, Russian viewers recognize the bias in news broadcasts and seem to filter reports through that understanding. Summarizing the results of focus-group studies, Ellen Mickiewicz writes, “Viewers expect commercial and governmental involvement in shaping the news. They believe it is the viewer’s responsibility to extract significance and correct for bias” (Mickiewicz, 2006, p. 191, emphasis in original). Similarly, polling by the widely respected Levada Center shows that while few respondents agree that television news provides a “full and objective picture,” approximately half of those surveyed assert that it is possible to “extract” useful and objective information (Levada Center, 2007).

This is a first essential ingredient of our model: *individuals detect and consequently discount media bias*.<sup>4</sup> Notwithstanding this ability, bias can be effective in shaping the beliefs of viewers, so long as there is some informational content to the news. Media outlets under Kremlin control tend to mix fact and fiction, providing enough real information to keep people guessing. The evidence suggests that Russians, like citizens elsewhere, are responsive to such bias: voting in the 1999 parliamentary and 2000 presidential elections seems to have been determined in part by the availability of independent television news (White et al., 2005; Enikolopov et al., 2011).<sup>5</sup>

Media bias comes at a cost, however, as viewers turn away from broadcasts that are insufficiently informative. This is the second key element of our model: *news consumption is voluntary*. Consider, for example, the exodus of viewers at NTV, a commercial station that was taken over in 2001 by state-controlled Gazprom. With the change in ownership came a change in management, and NTV’s new executives forced the replacement of many of the station’s top journalists with individuals presumably comfortable with a pro-Kremlin line. The immediate consequence of this change in editorial policy was a sharp decline in viewership, as NTV’s audience share fell from 17.9% in 2000 to 12.6% in 2001.<sup>6</sup>

State control of NTV gave the Kremlin additional power to dictate the station’s editorial line, but ownership is not necessary to induce bias. This is our third essential element: *government control of the media can be either direct or indirect*. Throughout the turbulent 1990s, the broadcast media remained heavily reliant on the state for financial support (Coyne and Leeson, 2009). The reliance on state subsidies provided considerable leverage to state officials, especially in regional media markets (Oates, 2007).<sup>7</sup> As the economic transition advanced, however, media outlets found their financial footing. By the turn of the century the advertising market was growing quickly, a development that promised greater independence for the national broadcast media.

Of course, exactly the opposite occurred, as media freedom declined sharply under Putin, counter to what would be the case if there were a simple relationship between the size of the advertising market and government influence over media content. The proximate cause of this change was the consolidation of state ownership at the national television networks, as in addition to seizing control of NTV, Putin took over two networks controlled by Russian billionaire Boris Berezovsky. These events highlight the final ingredient of our approach: *media ownership is endogenous*. Although the number of television channels in Russia has exploded in recent years, news broadcasts are today largely the preserve of three national networks under direct government control. Eager to control the “commanding heights” of the media sector (Gehlbach, 2010), the Kremlin leaves little to chance at these outlets. Indirect control of the media has been replaced with very direct control.

<sup>4</sup> For empirical evidence that voters filter out media bias, see Chiang and Knight (2011) and Gentzkow et al. (2011).

<sup>5</sup> For such media effects elsewhere, see Gentzkow and Shapiro (2004) and DellaVigna and Kaplan (2007).

<sup>6</sup> Data from advertising marketer Video International. Durante and Knight (2012) similarly demonstrate a change in viewership patterns in Italy when news content on public television shifted following the government turnover in 2001. See also Gentzkow and Shapiro (2010).

<sup>7</sup> For evidence of indirect control in other contexts, see Lawson (2002), McMillan and Zoido (2004), and Di Tella and Franceschelli (2011).

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