

# THE FUTURE OF THE MEDIA : MONEY, NEWS AND DEMOCRACY

**Professor: Julia CAGÉ – Academic year 2018/2019 : Common core curriculum – Fall semester**

## COURSE OUTLINE

### Session 1: Why do we care about the media? Information and democracy

#### Description:

What is information?

Political participation and informed votes.

Information, corruption and government accountability.

#### Required readings:

- Ferraz, Claudio and Frederico Finan (2008): "Exposing Corrupt Politicians: The Effects of Brazil's Publicly Released Audits on Electoral Outcomes", *The Quarterly Journal of Economic*, 123(2): 703-745.

#### Recommended readings:

- Gentzkow, Matthew, Jesse M Shapiro, and Michael Sinkinson (2011): "The Effect of Newspaper Entry and Exit on Electoral Politics," *American Economic Review*, 101(7): 2980-3018.
- Stromberg, David (2004): "Radio's Impact on Public Spending," *The Quarterly Journal of Economics*, 119(1): 189-221.

### Session 2: Political polarization in the digital world

#### Description:

Do people use the Internet to listen and speak only to the like-minded? Ideological segregation online and offline. Evidence from news consumption on the Internet and from social media.

Does the Internet decrease political participation?

What role did social media and fake news play in recent elections (e.g. 2016 US elections and Brexit)?

#### Required readings:

- Allcott, Hunt and Matthew Gentzkow (2017): "Social Media and Fake News in the 2016 Election," *Journal of Economic Perspectives*, 31(2): 211-36.

- Garcia Martinez, Antonio (2018): "How Trump Conquered Facebook – Without Russian Ads," *The Wired*, 02/23/2018 (<https://www.wired.com/story/how-trump-conquered-facebookwithout-russian-ads>).

### Recommended readings:

- Gavazza, Alessandro, Mattia Nardotto, and Tommaso Valletti (2015): "Internet and Politics: Evidence from U.K. Local Elections and Local Government Policies," CEPR Discussion Papers 10991, C.E.P.R. Discussion Papers.
- Gentzkow, Matthew and Jesse Shapiro (2011): "Ideological Segregation Online and Offline," *Quarterly Journal Economics*, 126, 1799-1839.
- Halberstam, Yosh and Brian Knight (2014): "Homophily, Group Size, and the Diffusion of Political Information in Social Networks: Evidence from Twitter," NBER Working Paper No. 20681.

## Session 3: The dictatorship of the platforms (Google, Facebook,...) and the threats to press freedom

### Description:

The filter bubble and the increase in personalization. What is the role played by algorithms?

Facebook and Instant Articles: is Facebook eating the media?

Facebook and the trending topics: is Facebook eating the world? How do editors decide on the coverage for stories?

Social media as a way to raise funds for elections.

### Required readings:

- Bell, Emily (2016): "Facebook is eating the world," *Columbia Journalism Review*, March 7<sup>th</sup>.

### Recommended readings:

- Eytan Bakshy, Solomon Messing and Lada Adamic (2015): "Exposure to Ideologically Diverse News and Opinion on Facebook", *Science*, 348.
- Pariser, Eli (2011): *The Filter Bubble. What the Internet is Hiding from You*. Penguin Publishing Group.
- Petrova, Maria, Ananya Sen and Pinar Yildirim (2017): "Social Media and Political Donations: New Technology and Incumbency Advantage in the United States." Working Paper.

## Session 4: Why do we care about the media? Social media and the power of the street

### Description:

The role of social media in demonstrations and protests (e.g. the Arab Spring).

Social media censorship and collective expression.

### Required readings:

- Qin, Ben, David Stromberg and Yanhui Wu (2017): "Why Does China Allow Freer Social Media? Protests versus Surveillance and Propaganda," *Journal of Economic Perspectives*, 31(1): 117-140.

### Recommended readings:

- Acemoglu, Daron, Tarek Hassan and Ahmed Tahoun (2014): "The Power of the Street: Evidence from Egypt's Arab Spring", NBER Working Paper W20665.
- Enikopolov, Ruben, Maria Petrova and Konstantin Sonin (2016): "Social Media and Corruption," CER Discussion Papers 11263.
- King, Gary, Jennifer Pan and Margaret Roberts (2013). "How Censorship in China Allows Government Criticism but Silences Collective Expression," *American Political Science Review*, 107(2): 326-343.

## Session 5: Why do we care about the media? Information and economic development

### Description:

The effect of the media on women empowerment, HIV prevention, and teen pregnancy.

The educational entertainment theory.

### Required readings:

- Jensen, R. and E. Oster (2009): "The Power of TV: Cable Television and Women's Status in India," *Quarterly Journal of Economics*.
- Eliana La Ferrara, 2016. "Mass Media And Social Change: Can We Use Television To Fight Poverty?," *Journal of the European Economic Association*, 14(4), pp. 791-827.

### Recommended readings:

- La Ferrara, E., A. Chong and S. Duryea (2012): "Soap Operas and Fertility Evidence from Brazil," *American Economic Journal: Applied Economics*, American Economic Association, vol. 4(4), pp. 1-31, October.
- Kearney, Melissa and Phillip Levin (2015): "Media Influences on Social Outcomes: The Impact of MTV's 16 and Pregnant on Teen Childbearing," *American Economic Review*, 105(12), pp. 3597-3632, December.

## Session 6: The production of information: Plagiarism and the challenges of the digital era

### Description:

Who are the main providers of original news in an online world?

What are the benefits of breaking out a story? What is the life cycle of the value of news? How does information change as it propagates?

Producing commodity news or high-quality news?

News aggregators and copyright violations.

### Required readings:

- Cagé, Julia, Nicolas Hervé and Marie-Luce Viaud (2017): "The Production of Information in an Online World: Is Copy Right?," CEPR Discussion Paper.

(Alternatively, for a presentation of the main results in a less technical way – but in French: Cagé, Julia, Nicolas Hervé and Marie-Luce Viaud (2017): *L'Information à tout prix*. Paris: Institut National de l'Auvidisuel).

### Recommended readings:

- Boczkowski, 2010, News at Work; Imitation in an Age of Information Abundance. University of Chicago Press.
- Chiou and Tucker (2015), "Content Aggregation by Platforms: The Case of the News Media". Management Science.

## Session 7: Who is paying for news? Paying for content and advertising revenues

### Description:

Advertising revenues vs. circulation revenues. Why are online advertising revenues lower than print advertising revenues?

Is advertising a guarant or a threat to newspaper independence?

The global rise of adblocking and the need for a new funding models.

The implications of the new European data rules: would the General Data Protection Regulation lead to a collapse of advertising revenues for publishers?

### Required readings:

- Schudson, M. (1981): *Discovering the News. A Social History of American Newspapers*. Basic Books.

### Recommended readings:

- Angelucci, Charles and Julia Cagé (2016): "Newspapers in Times of Low Advertising Revenues". CEPR Discussion Paper 11414.
- Gentzkow, M., E. L. Glaeser and C. Goldin (2006): "The Rise of the Fourth Estate: How Newspapers Became Informative and Why It Mattered", in *Corruption and Reform. Lessons from America's Economic History*. The University of Chicago Press.
- Sen and Yildirim (2016): "Clicks and Editorial Decisions: How does Popularity Shape online News Coverage?"

## Session 8: Who is paying for news? The government and the media

### Description:

Why do we need government intervention in the media?

Government taxes and subsidies in the media around the world.

Is government involvement in the media evil? What are the forms of government involvement in the media? Lesson from Trump's relationship with US media.

Media censorship and the World Press Freedom index. Lessons from Turkey, Poland and Hungary.

### Required readings:

- Durante, Ruben and Brian Knight (2012): "Partisan Control, Media Bias, and Viewer Responses: Evidence from Berlusconi's Italy," *Journal of the European Economic Association*.

### Recommended readings:

- Bennett, W.L., and R. G. Lawrence and S. Livingston (2008): *When the Press Fails: Political Power and the News Media from Iraq to Katrina*. University of Chicago Press.
- McChesney, R. W. and J. Nichols (2010): *The Death and Life of American Journalism. The Media Revolution that Will Begin the World Again*. Nation Books. Chapter 3.

## Session 9: Who is paying for news? Media tycoons and media independence

### Description:

The new "press barons" – from Citizen Kane to Murdoch and Jeff Bezos – and the risks for media independence.

Media tycoons and media bias: the "Fox News effect".

Media power and media independence. The emergence of giant media corporations.

### Required readings:

- Dkankov, S., C. McLiesh, T. Nenova and A. Shleifer (2003): "Who Owns the Media?"; *Journal of Law and Economics*, 46(2), 341-381.
- Prat, Andrea and Patrick Kennedy (2018): "Where Do People Get their News?," *Economic Policy*.

### Recommended readings:

- Cagé, Julia and Olivier Godechot (2017): "Who Owns the Media? The Media Independence Project," LIEPP Report.
- DellaVigna and Kaplan (2007): "The Fox News Effect: Media Bias and Voting," *Quarterly Journal of Economics*.
- Prat, Andrea (2017): "Media Power," *Journal of Political Economy*, forthcoming.

## Session 10: The power of political money: from media ownership to campaign finance

### Description:

Money in the media and in politics: one dollar one vote? The relationship between individual's financial resources and their political power.

Why hasn't democracy slowed rising inequality? From economic inequalities to political inequalities: the issue of representational inequality.

The rise of populism.

### Required readings:

- Gilens, Martin (2012): *Affluence & Influence. Economic Inequality and Political Power in America*. Princeton University Press. Introduction.

### Recommended readings:

- Frank, Thomas (2004): *What's the Matter with Kansas? How Conservatives Won the Heart of America*. Henry Holt & Company.
- Lessig, L. (2001): *Republic, Lost: How Money Corrupts Congress – and a Plan to Stop it*. New York: Twelve/Hachette Book Group. Part I: The Nature of the Disease.

## Session 11: Philanthropy as a tool for political influence

### Description:

The importance of special interests' influence. Does corporate philanthropy serve as a lobbying tool in politics?

Are foundations compatible with democracy?

Campaign money and the distortion of elections.

### Required readings:

- Bertrand, Marianne, Matilde Bombardini, Raymond Fisman and Francesco Trebbi (2018): "Tax-Exempt Lobbying: Corporate Philanthropy as a Tool for Political Influence," NBER Working Paper #24451.

### Recommended readings:

- Bekkouche, Yasmine and Julia Cagé (2018): "The Price of a Vote: Evidence from France, 1993-2014," CEPR Discussion Paper #12614.
- Reich, R., C. Cordelli and L. Bernholz (2016): *Philanthropy in Democratic Societies: History, Institutions, Values*. University of Chicago Press. Chapter 3: "On the Role of Foundations in Democracies" (Rob Reich) ;

## Session 12: The future of the media and new models for democracy

### Description:

How to save the media? A new economic and legal framework for the media, at the intersection between public shareholders companies and foundations.

Public funding rather than private influence: rethinking the regulation of political parties and electoral campaigns.

The "Mixed Assembly": using "social quotas" to increase the representativeness of Parliaments.

**Required readings:**

- Cagé, Julia (2016): *Saving the Media. Capitalism, Crowdfunding and Democracy*. Harvard University Press.

**Recommended readings:**

- For students reading French: Cagé, Julia (2018): *Le prix de la démocratie*. Paris: Fayard.