# The fragmentation of views in a democracy

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## Question

- Media are often politically biased (Petrova 2008).
- Still, people trust biased media. Bias does not decrease popularity.
- This happens even though alternative sources exist.
- Example: Russian state TV (Lipman, Kachkaeva, and Poyker 2018), Fox News (Mayer 2019)
- Why do some people trust biased sources and some not?
- Why do media become biased?

# Literature

- Bayesian persuasion: Gehlbach and Sonin (2014), Gentzcow and Kamenica (2011)
- Main idea: propaganda outlet can commit to report some degree of truth.
- Rozenas and Stukal (2019): Russian state TV reports objectively on the economy.
- Gap in the literature: why does competition not reduce bias?
- Why bias does not reduce popularity?

# Outline

- Theory.
- Case studies.
- Game-theoretic signaling model.

# Theory

- Politicians share exclusive information with some media outlet.
- But in return they expect favorable coverage.
- Citizens who like the politician will base voting decisions on such media.
- Citizens who do not like her will use unbiased sources even though they have less information.

# Case study: Fox News

- "Sean Hannity has a desk in the White House" (Kwong 2019), maintains contact with the President (Mayer 2019).
- Is strongly Conservative (Mayer 2019).
- Hannity show and Fox News channel are one of the most popular show and channel in the United States (Joyella 2020).
- May criticize Republicans (Schmidt 2017) or Trump (Mayer 2019) - voters may perceive him as informative.
- Sale of assets to Disney allowed to Fox News, no other material favors from the White House (Mayer 2019).

# Case study: Freedom Party of Austria

- Frequently covered and interviewed in Kronen Zeitung (Kronen Zeitung 2017, 2019, Ellinas 2010).
- Did not enjoy this from other newspapers.
- This helped the party win elections (Ellinas 2010, Plasser and Ulam 2003).
- Kronen Zeitung got no bribes from party members (Groendahl 2019)
- Is the most-read newspaper in Austria.
- Still, Kronen Zeitung is sometimes critical of FPO (Groendahl 2019).
- An e-mail from the Interior Minister to the police recommending not to share information with critical media (Sparviero and Trappel 2019).
- FPO advocates to limit funding of public television (Ibid).

# Case study: Russia state TV

- Has a strong pro-government bias, but is still popular (Lipman, Kachkaeva, and Poyker 2018).
- Widely covers boiling points in Donbass and Syria.
- It is dangerous for non-state media to send reporters there (Shevchenko and Orlova 2014).
- Hence, state media have exclusive information about Russian foreign policy.

# Case study: Germany

- Popular media critical of the far-right and offer them little space (Ellinas 2010).
- AfD fares worse in elections than FPO.
- In Germany, there is greater right for information (Center for Media Pluralism and Media Freedom 2015, 2016).
- So, smaller rewards from a special relationship with a politician.

# Game-theoretic model: basics

- One politician, two media outlets, many voters.
- A politician supports a policy, say, expulsion of migrants.
- Policy-relevant hidden information: how dangerous are the migrants?
- The voters do not know this information, but may learn through the media.
- A politician knows the information. The media observe it with some probability.
- A politician agrees to share information to a media outlet.
- The media outlet agrees to be biased in favor of the politician.
- A voter must select 1 media source.

# Game-theoretic model

- A payoff-relevant state $\Theta \sim U[0,1]$.
- Voters located on a segment $[a,b]$ where $0 < a < b < 1$.
- Each media outlet observes an independent noisy signal: $S_i$ :
- $Prob[S_i = \Theta] = p$ and $Prob[S_i = R_i] = 1 - p$, $R_i \sim U[0,1]$ and independent of other variables.
- Politician always observes $\Theta$.
- Each media outlet selects policy $t_i$ : reports $m_i = 1$ if $S_i > t_i$ and $m_i = 0$ otherwise.
- Politician proposes to share information with outlet 1 if it sets $t_1 = t_p$

## Game-theoretic model cont'd

- Media outlet 2 observes if outlet 1 has accepted the proposal and what it is.
- If proposal is accepted, outlet 2 selects policy $t_2$.
- If not, both outlets select policies $t_1$ and $t_2$.
- The voters decide whether to read outlet 1, 2 or none.
- We assume that they read none if indifferent.
- State $\Theta$, signals, and messages are realized, voters vote, policy selected by majority.

# Game-theoretic model cont'd

- The payoffs are: $Prob[policy = 1]$ for the politician.
- Audience for each media outlet.
- For voter $x$ : $\Theta - x$ if $policy = 1$ and $x - \Theta$ if $policy = 0$

## Results

- In equilibrium, there is always an agreement between the politician and outlet 1 with $t_p > \frac{a+b}{2}$.
- The majority of voters read outlet 1, vote 1 if $m_1 = 1$ and vote 0 if $m_1 = 0$.
- If $t_p$ weakly increases in $a$ and $b$.
- If $p$ is sufficiently large, then $t_p$ becomes close to $\frac{a+b}{2}$.

# Results

- An agreement between the politician and a media outlet is feasible and leads to bias.
- The bias decreases in the amount of voters who strongly oppose the politician.
- The effect of the amount of voters on bias in ambiguous.
- If $p$ is sufficiently large, then bias is close to a level without agreement.