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News Media Incentives, Coverage of Government, and the Growth of Government

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DANIEL SUTTER

Both the form and the content of the news industry changed dramatically in the twentieth century. Americans at the end of the nineteenth century received news from newspapers that, although no longer funded by political parties, typically were openly political in their coverage. Today Americans receive news through new media—radio, television, and the Internet—and from news organizations that strive for fairness and balance in reporting. Journalism today relegates political partisanship to the op-ed pages of newspapers and to commentaries and interview programs on television.

Also in the twentieth century, government grew dramatically in the United States and other industrial countries. Federal spending in the United States grew from 3 percent of gross domestic product in 1900 to more than 20 percent by the 1970s. Robert Higgs (1987) argues that the growth of the U.S. government cannot be understood without considering the ideological shift in how citizens viewed the role of government in society. Both F. A. Hayek (1967) and Ludwig von Mises (1956) noted the hostility of intellectuals as a class to capitalism. Given the media's role as intermediaries in the market for information and ideas, one cannot help but wonder about the possible role that the news media might have played in the growth of government.

Explicit liberal bias on the part of reporters or media outlet owners provides one reason why media coverage might increase the size of government. In this case, the

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news media directly pursue their political agenda. Liberal bias has generated a great deal of attention over the past several decades, and media watchdog groups such as Accuracy in Media and the Media Research Center attempt to document and publicize the media's alleged liberal bias. Partisan bias, however, is not the type of bias favoring large government that I consider here. Instead, I examine whether the news media or news-gathering techniques indirectly and perhaps inadvertently favor the growth of government. Journalism scholars have demonstrated how methods of news gathering affect news content (Bennett 1996; Tuchman 1978). News production decisions, such as the assignment of reporters and camera crews and the location of news bureaus, shape the content of news coverage in subtle but significant ways. I examine whether elements of reporting or general economic incentives of for-profit media lead news organizations to promote the expansion (or maintenance) of government.

The types of bias examined in this article are a by-product of profit maximization or adherence to the canons of journalism, in contrast to intentional liberal bias. Indeed, even a news organization owned and staffed by conservatives may contribute to the growth of government through one of these by-product mechanisms. Direct bias tends to reduce the audience and revenues of news organizations, giving profit-maximizing owners an incentive to check it (Sutter 2001), whereas indirect, by-product bias may well go unnoticed and unchecked.

I proceed by laying out five possible mechanisms of bias: government activity as the subject of news; government as a hero in marketable stories; government as a regulator of television and radio; effects on objectivity when government officials are used as sources; and the rise of national broadcast news organizations. I evaluate these mechanisms in the light of economic theory, examining whether they are consistent with the incentives of for-profit media. I am an economist by training, not a journalist, and thus I rely on secondary evidence concerning reporting, not personal observation. Many people blame the media for political developments they do not favor. Such arguments, however, are rarely subjected to economic analysis, much to the detriment of our understanding of the media. For example, critics on the left accuse the corporate-owned media of refusing to report harshly on business, yet such critics fail to consider the obvious collective-action problems that advertisers would face in attempting to control news content (Sutter 2002). Here I examine the coherence of the argument for each mechanism, including any relevant and additional evidence that, if available, would help us to evaluate the charge. I conclude that "government activity as the subject of news" and "broadcasting as a regulated industry" are weak mechanisms of indirect bias, but "government officials as a source of news" contributes to the growth of government, especially at times of international crisis.

Government Activity as the Subject of News

A first possible source of indirect bias is government as a subject of news coverage. News is a perishable product that news organizations must produce on a predictable

basis. Each day, stories must be generated for the evening newscast and tomorrow's paper; a lack of fires or murders or avalanches on a given day leaves news organizations in a bind. Government provides a steady, predictable stream of stories—legislative votes, presidential trips, economic statistics, new studies, and congressional hearings. An expansion of government provides more agencies and more programs on which to report.

Besides supplying a predictable flow of stories, government arguably also provides a cheap source of news. Government actions occur in known, easily accessible locations, whereas breaking news often happens in small towns or out-of-the-way places, distant from the nearest news bureau. Governments typically operate under open-meeting and sunshine laws, which give the fourth estate easy access to important meetings and decisions. By contrast, companies often keep the details of their operations secret, rendering reporting difficult. Reporters and news organizations reporting on corporate scandals can face possible prosecution for illegally gaining access to corporate documents, as the *Cincinnati Enquirer*–Chiquita case illustrates (Ventura 2000). Warren Brookes termed the news media's incentive to support and defend large government the "statist quo": "Like it or not, that makes journalistic incentives very clear: The more government, the more power (and jobs) the news media will have. . . . Instead of watchdogging and containing this massive explosion of government, the press became one of its principal beneficiaries" (1991, 17). Crain and Tollison (1997) also speculate that the news media have an incentive to support big government for this reason.

In addition, efforts to expand government may be newsworthy in themselves and increase the public's demand for news. The expansion of government might create a good story for a long time, as a period of problem recognition and discussion typically precedes actual legislation to expand government. The recognition of a problem typically involves identification of a "crisis" (crime in the streets, schoolyard shootings, lack of access to medical care) that holds an audience's attention and extends into every town, allowing news organizations to do the local version of the story. After passage of legislation, a new press office will be only too glad to help generate human-interest stories about people the government program has helped. The Clinton health care plan, for example, produced a two-year story. A decade of controversy surrounded the problem of acid rain, generating substantial newspaper coverage before Congress enacted the sulfur dioxide emission-trading program in the 1990 Clean Air Act Amendments, although coverage diminished once it became clear that Congress would act on acid rain (Anderson and McLellan 2002). To get elected, politicians try to create a perception of crises that require government action, and the news media can magnify that perception to increase their audience.

Big and expanding government as the subject of news, however, is an unpersuasive argument for the growth of government. News media coverage of government suggests that the marginal news value of most government bureaucracies is low. In fact, many news organizations have been reducing their coverage of government. By

the early 1990s, CBS and NBC had reduced their ranks of Washington correspondents by half over the previous decade (Kimball 1994). The average number of network news stories on Congress fell from 124 a month in the 1970s to 42 a month in 1992 (Rowse 2000, 38). In addition, most of government receives little coverage. The Social Security Administration, which affects all Americans during their lives, received coverage in 1998 by only one full-time news reporter, and the Department of the Interior did not have a single full-time reporter (Roberts, Kunkel, and Layton 2001, 10). Newspapers had a total of only 513 full-time reporters covering the fifty state capitals in 1998 (Roberts, Kunkel, and Layton 2001, 9). Washington reporters missed two of the biggest government scandal stories of the 1980s—the Housing and Urban Development scandal and the savings-and-loan debacle (Kurtz 1993). Furthermore, it is not clear that news producers regard government as an important source of news. As one former network executive put it, “When I would travel around the country, I always got the ‘Washington is a joke’ speech from local news directors. These people believe that Washington is an irrelevant rat-hole where Americans send their money with no results. The credo of local news is that people don’t give a damn about government—federal, state, or local—in any form” (qtd. in Kimball 1994, 12).

The type of political coverage the news media provide suggests that the news generated by the marginal government agency is low. Much political reporting focuses on the personalities of individual politicians, not on the details of policymaking and implementation. Political coverage often focuses on contests between politicians—the horse-race strategy of election campaigns and the gamesmanship between politicians—to the exclusion of policies. Much attention is focused on politicians’ indiscretions and gaffes (Sabato 1993); scandal receives more coverage than policymaking. Given the types of news the media report, the quantity of news stories government generates is not proportional to the size of government in dollars. The frequency of elections and the size of Congress and the cabinet, as opposed to the total federal budget, probably determine the quantity of news available. Consequently, the growth of the federal government during the twentieth century might not have increased the quantity of government news appreciably. A much smaller government would still provide many agencies for news organizations to cover; even a radical 50 percent reduction in government would not reduce the size of Congress or eliminate the prime Washington news beats (White House, Pentagon, State Department). The number of personal scandals is probably proportional to the combined size of Congress and the cabinet. Government in total may be a valuable and indispensable subject of news, as Brookes (1991) contends, but the amount of news generated by a 10 percent change in federal spending or by one cabinet agency must be very low. The “statist quo” does not provide a strong incentive for profit-seeking media either to support the expansion of government or to oppose the reduction of government.¹

1. Liberal reporters and editors may think a proposed expansion of government is a good idea, but reporting to attain such personal political goals would constitute a direct liberal bias, not a by-product bias.

The “government as the subject of news” argument can be modified slightly; perhaps proposals to increase government provide good news stories. The portrayal of a crisis threatening millions of Americans might provide a frightening and compelling story that increases demand for news, at least for the duration of the effort. Anderson and McLellan (2002), for example, document coverage of acid rain by leading papers during the 1980s. Efforts to increase the media’s audience by moving from one crisis to another can foster the growth of government over time. Although efforts to increase government can be good sources of news, proposals to reduce the size of government also can generate good news stories. Proposals to eliminate a government program that benefits millions of Americans can produce a story as compelling as efforts to establish a new program or to expand an existing one. News organizations covered attempts by the Reagan administration in the 1980s and the Republican Congress in 1995–96 to chip away at the welfare state.

Consider a government program to provide taxpayer-financed day care centers under contract with private countries. The identity of the program’s beneficiaries is unknown in news stories about the establishment of such a program. Companies might hope to land a contract to run a government day care center, but the actual contractors are yet to be determined. Also, many parents might hope that their children will get into government-provided day care, but the winners are as yet undetermined. By contrast, consider a proposal to abolish the day care program once it has been established. The day care centers now exist, and news stories can show the centers, the employees, and the children threatened by the effort to reduce the size of government. It is by no means obvious that the story about prospectively establishing day-care centers will be more compelling and generate a larger audience than the story about the threat to the existing day care program.

Further evidence would be needed to evaluate the impact on news audiences of proposals to increase or decrease government. Congress passed extensive new environmental and social regulations in the early 1970s and then dismantled long-standing economic regulation of transportation and financial services in the late 1970s. Did regulation or deregulation produce a better news story? Did the Clinton health care plan or the Republican efforts to implement the Contract with America produce larger news audiences? Unless the value of these two types of stories is symmetrical, news organizations would prefer that politicians disturb the status quo and make news, whether by expanding or by reducing government.

With regard to the cost of coverage, government agencies and politicians are not the only parties providing public-relations efforts to assist the press. Corporations, industry associations, public-interest groups, and think tanks also provide assistance to the media that lowers the cost of news coverage. Competition among suppliers of messages for news coverage should drive these efforts. The impact of an increase in government spending on the sharing of production cost by news sources should be negligible.

Finally, much media coverage of government involves scandals, and over time such coverage should diminish people's respect for government. Many pundits noted that the Clinton-Lewinsky scandal sullied the dignity of the presidency, although they disagreed about whether Clinton or the Republicans and the media were to blame for the scandal. The pundits generally regret a diminution of respect for government because it may cause citizens to lower their estimate of government's efficacy, and therefore good people may become less willing to serve in government. Libertarians, however, should welcome such a development: a diminished view of government's capacity should contribute toward restraining the government's growth. Thus, scandal-mongering tends to limit government.

Government and Marketable News Stories

Although people commonly suppose that news organizations report just the facts, journalists typically tell stories about current events. A report on a house fire, an earthquake, a factory closing, or a battle is actually a story about the event. It is no coincidence that we call news reports "stories." News organizations market stories about current events. Bennett (1996, 47–72) discusses factors that make for good stories.² Readers and viewers prefer personalized stories, for instance, to informational items about institutions or general conditions. Drama is important. As a memo from a network news producer put it, "Every news story should . . . have structure and conflict, problem and denouement, rising action and falling action, a beginning, a middle, and an end" (qtd. in Bennett 1996, 55).

Intractable situations and the impersonal forces of the market do not make for marketable stories. A story about an economic downturn that focuses on pressure for price adjustment to clear markets or on the opportunities for new business ventures offered by temporary unemployment does not suggest an easy solution. Government, in contrast, serves as a personalized hero, offering new policies to solve society's problems. Thus, for example, a fiscal stimulus package to revive economic activity provides a happy ending to a story about a recession. Bennett calls this resolution of crisis stories "normalization," the "tendency to filter new information through traditional values, beliefs, and images of society and to deliver the filtered information through the reassuring pronouncements of authorities charged with returning things to normal" (1996, 65). Objectivity also dictates that journalists let politicians offer the solutions: "As a result of this community of interest shared by journalists and powerful authorities, official sources usually get the last word in a story. In fact, most news stories reserve for official sources the first, the last, and many of the words in between" (Bennett 1996, 65). Quotable policy experts stand ready to extol government as the solu-

2. Economic theory also suggests that news organizations should emphasize stories over straight information. News reports are a public good, and consumers can relay numbers and headlines readily to nonpurchasers. The emotion of a story is more difficult to relay. Although information is an irreducible part of news, we should expect news organizations to emphasize human impact and drama.

tion to every economic and social problem. Reporters seeking marketable stories will look for sources who allow them to tell stories with happy endings.³

Profit-oriented news organizations also seek to attract an audience by providing “news you can use.” Threats to news consumers’ safety or financial security raise the perceived instrumental value of news. Stories that indicate to news consumers a means of escaping the danger should be even more valuable, and government policy provides one possible protection. Thus, the media’s incentive to portray danger to attract audiences might produce a demand for government to protect people from the danger. Yet the value of news to consumers will be greater when it allows them alone to avoid danger. Market-based news organizations, like other businesses in the marketplace, attempt to design their products to exclude nonpayers from consuming the good. Otherwise, their product will be nonexcludable, a characteristic of a public good, and difficult to supply profitably. A government-policy solution allows both news consumers and the remainder of the population to escape danger. A story has its greatest instrumental value when it allows only the news consumers to avoid the danger. Thus, a television consumer report should warn viewers of a new scam (a threat) and promise that viewers will learn how to protect themselves, the implication being that those who do not watch will be ripped off. Government action against the threat provides protection to the entire group.

Constant portrayal of threats, however, may create a political climate favorable to government solutions to publicized problems. Even if consumer reports generally promote only self-protective measures to news consumers, portrayal of constant threats may contribute to a climate of fear in which political entrepreneurs can market policy solutions successfully. The media thus may contribute to the availability cascades described by Kuran and Sunstein (1999).

The media’s role in this mechanism is indirect. If the climate of fear is to produce big government, political entrepreneurs still must act. Also, some caution is advisable in blaming the media for portraying government as a protector: market-based media will likely tailor their products to consumer preferences. News coverage might differ considerably in a different, more libertarian ideological climate—recall in this regard the response to the Panic of 1893 under the old ideology, as described by Higgs (1987, 77–105). Indeed, in a sufficiently libertarian society, government action may not provide a marketable resolution to problems. The news media to some extent follow ideological shifts in society; nonetheless, once a shift toward statism has occurred, portraying government as a hero provides some extra momentum to the growth and maintenance of the welfare and therapeutic state.

3. The *ABC News* “American Agenda” segment indeed was designed to make sure that people are offered a solution to their problems (Kimball 1994, 20). Olasky (1991) makes a similar argument about the development of American journalism. He describes the eclipse of the corruption story by the oppression story in the late 1800s; the corruption story emphasizes the failings of those in power and their attempts to cover up misdeeds, whereas the oppression story emphasizes how social systems hold down the average person. The journalist in the oppression story highlights the oppression and aids politicians who promote the use of government power to rectify that problem.

Radio and Television as Regulated Industries

For newspapers, the First Amendment provides constitutional protection against government regulation. The two new media of the twentieth century, radio and television, did not and still do not enjoy this protection without qualification. The Federal Radio Act of 1927 established public ownership of the electromagnetic spectrum, which was extended to television with the Federal Communications Act. Television and radio broadcasting are regulated industries. The economic theory of regulation maintains that politicians regulate industries in a manner that maximizes their political net benefits. Politicians conceivably can use regulation to induce television and radio news to propagandize for higher spending and greater regulation of the economy.⁴ The stated rationale for regulation of broadcasting—the potential for interference from signals on the same frequency—is economic nonsense (Coase 1959), and Hazlett (1990) argues that in fact the Radio Act served the interests of Congress.

The most substantial regulatory action in broadcasting was allocation of licenses to operate radio and television stations by the Federal Communications Commission (FCC) without payment or auction. The allocation produced a financial windfall for the recipients of the licenses, yet the FCC retains the right to revoke the license if the licensee fails to serve the never clearly defined public interest. Because the most profitable part of television networks has always been the (typically major-market) local stations the network owns, networks can be subjected to regulatory action. Therefore, the licenses generate rents subject to predation by government, and politicians often extract rents from firms with such vulnerable assets (McChesney 1997). Instead of extracting rents in the form of campaign contributions, politicians might induce favorable news coverage from broadcasters anxious to retain their licenses. News media have always provided significant amenities (apart from profit) to owners (Demsetz and Lehn 1985), which have often resulted in either family or government ownership of the media worldwide (Djankov et al. 2003). Broadcasters probably can provide greater benefit to politicians by coverage than by campaign contributions. Television and radio have always offered both network and local news coverage, plus extra coverage of special events such as conventions, debates, and elections. Although many commentators complain about the paucity of news on television and radio, network news divisions historically have lost money; networks have earned more prestige than profits for broadcasting the news (Halberstam [1979] 2000; Schudson 1995; Whittemore 1990). News coverage thus might be a financial burden imposed on television station owners by politicians in exchange for the licenses to broadcast.

This situation seemingly creates a possible basis for biased coverage benefiting government. However, the bias may not consistently favor larger, more powerful government. Government is not a unitary actor, and not all politicians favor larger gov-

4. Even the threat of regulation affects firms' behavior (Glazer and McMillan 1992). Because newspapers face no threat of regulation, the contrast is even greater than it appears at first glance.

ernment. Similarly, partisan bias in favor of one major party hurts the other major party. A bias favoring some politicians at the expense of others would be difficult to sustain through regulation because disadvantaged politicians would seek to reverse the bias when they were in the majority. Indeed, periodic reversal might make the bias more easily recognized and hence less effective. Bias owing to regulation would need to provide a benefit to the vast majority of office holders. Coverage that benefits incumbent politicians would be one such example because all current office holders have a common interest in defeating challengers.

Bias from regulation might help to put an acceptable spin (from politicians' perspective) on government's failures. Consider Porter's description of the relationship between political journalists and politicians:

There is a genuine symbiosis between the political man and the journalist who covers him. Between the two vocations there have grown up elaborate conventions, and unarticulated ground rules. . . . Crime is reported, but incompetence is not until its implications are inescapable. This generally has meant that the political reporter has reported those in official positions of leadership as if they *were* competent, stretching the benefit of the doubt almost to the breaking point. . . . There traditionally has been a commitment of the political journalist in this country to the belief that the system works; there may be occasional highly particularistic aberrations, but basically it works, and he feels a certain obligation to ignore many things which he feels are essentially irrelevant but might undermine public confidence. (1976, 24–25, emphasis in original)

Reporters might attribute waste, fraud, and mismanagement in government to individual administrators. Coverage rarely suggests that even the best-designed and administered program might fail to achieve its goals; welfare coverage features welfare cheats, not the undermining of incentives for education, workforce participation, and marriage. Even coverage of scandals, though portraying government temporarily in a bad light, simultaneously suggests that fraud and misconduct are exceptional occurrences. Coverage of foreign policy almost always supports the official position.⁵ Even constant reporting on government might contribute to an efficacious public image of government.

The federal government's power to regulate the content of television and radio, however, may be more apparent than real. Broadcasters enjoy *de facto* First Amendment protection, and station licenses have been quite secure, as reflected in the prices of television stations. Politicians may not be able to extract many regulatory rents in the form of favorable coverage from broadcasters. Efforts to discipline wayward

5. For specific examples, see Hallin 1986 on Vietnam coverage, Herman and Chomsky 1988 on Central America, and Hertsgaard 1988 on Grenada.

broadcasters would constitute a considerable departure from the established rules of the political game and probably would produce a strong negative reaction. Even popular politicians can face censure, as Franklin D. Roosevelt discovered in the hostile reaction to his plan to appoint new justices to the Supreme Court to overcome the Court's decisions against the New Deal. The news media undoubtedly would respond very strongly to attempts at intimidation, and in their role as intermediaries in the information market they can impose considerable costs on politicians. Politicians cannot easily communicate their message to the people against media interference. Consider George Bush's fate in 1992. Television reports consistently described the economy as performing poorly, even though a recovery had begun in 1991 and the 1990–91 recession was mild by historical standards. News coverage complemented the Clinton campaign's charge that Reagan and Bush had wrecked the economy. Further, various efforts imposed by television networks to check into the accuracy of campaign ads in 1992 (in response to the perceived exaggerations of Bush's 1988 campaign) clearly hurt the Bush campaign (Graham 1996; Sabato 1993).

The Nixon administration's confrontation with the media, detailed by Porter (1976), illustrates the potential perils for politicians. Nixon regarded the national media as hostile to his administration from the start. Spiro Agnew led the charge by attacking the media in several highly publicized speeches. The administration later battled the *New York Times* and *Washington Post* over publication of the Pentagon Papers. Other efforts included a brief challenge by a group of Nixon's business associates against a *Post-Newsweek* television station in Miami and indirect pressure by FCC chairman Dean Burch on the television networks. Nixon, however, could not prevent media coverage from helping to sustain the Watergate scandal, which eventually forced his resignation from office. If the Nixon administration did go to war against the media, the conflict ended with its defeat. Even if politicians as a group might benefit in the long run if tighter regulation allowed influence over broadcasters, the politicians implementing such measures would likely pay a significant price in the short run, and their successors would benefit from the more favorable coverage.

Thus, the potential for government manipulation of the news owing to the potential regulation of broadcasting is minimal. The threat of potential regulation probably has little effect on day-to-day news coverage, although it may create some status quo bias. For example, the FCC might take regulatory action if a major network attempted to eliminate its news division entirely. The quantity of news coverage historically might have been greater than that demanded by the market, and such excessive coverage might contribute to name recognition for current office holders. Nevertheless, regulation probably does not lead to manipulated support for individual politicians or for particular issues (except perhaps issues related to the media industry itself).

Objectivity and Sourcing

Objectivity requires that reporters try to get both sides of a controversial story (Mindich 1998). Although objectivity does not prescribe which individuals should

serve as spokespersons, by convention reporters place great reliance on government officials as sources. Administration officials, members of Congress and their staffs, and bureaucrats hold privileged positions in the web of facticity (Tuchman 1978) because they represent the people's views in a democracy. The emphasis on government sources influences the flow of information and people's views. Few government officials question the *raison d'être* of the programs they administer. Members of the opposing party typically provide the "other" point of view, which limits the range of coverage. Radical voices receive little coverage, and, when covered, they rarely receive a fair hearing, for two reasons. First, such opinions must strike reporters used to mainstream views as quite unusual. For reporters used to the positions of the major parties and government bureaucrats, voices outside the mainstream must seem all the more extreme. Individuals whose views lie outside the usual bounds of political debate occupy the sphere of deviance (Hallin 1986), where reporters feel free to ignore sources. Reporters might also misunderstand extremists and their message; Gitlin (1980), for example, discusses the difficulty that the mainstream media experienced in comprehending the student movement in the 1960s. These considerations easily might apply to proponents of radically shrinking government. Second, the format of most news stories makes presentation of dissident views difficult. Spokespersons get very little time or very few words to explain their position. Proponents of a mainstream position may be able to make a relevant comment very briefly, but sound bites from spokespersons outside the mainstream lack context and may seem almost silly.

Politicians and government officials can use cooperation and access as carrots to induce favorable coverage. Administration officials can provide exclusives and background information only to journalists who cooperate. Reporters and politicians play what game theorists call a repeated game, and both sides benefit from cooperation: news organizations get scoops, local stations get interviews that improve their personnel's reputations, and politicians get favorable coverage.⁶ A reporter can be punished for critical coverage. Officials can make a reporter's job difficult by not returning phone calls in time for the reporter to meet deadlines or by refusing to provide information, which the reporter then has to track down on his own. Job performance often depends more on cooperation than on tough reporting, so a reporter's incentive is often to cooperate. Access to the powerful is the stock-in-trade of many Washington reporters, and in effect they serve as unpaid spokespersons for the government officials they cover. Consequently, government officials often can frame issues favorably.

High sources receive greater weight than other sources in news decisions. According to David Halbertstam, at one point during the Vietnam War field reporters for *Time* magazine reported that U.S. marines would arrive soon and go into combat, notwithstanding President Johnson's denials that an escalation would occur. The magazine killed the story when Johnson personally denied the buildup, even though

6. For a good description of the media game, see Hertsgaard 1988.

a few months later the marines landed at Da Nang just as the reporters' sources in Vietnam had foretold.

If it was a choice between four-star generals and the President of the United States on the one hand and some correspondent in Saigon on the other, whom do you believe? . . . [Johnson] was always trying to minimize the size of the war while maximizing the success of what he was doing, and field reporters with their eyewitness reporting were a threat, whereas Washington reporters—trained over several generations to accept the word of high American officials at face value, to prize above all else special access—were raw meat. (Halbertstam [1979] 2000, 476)

Such weighting allows officials to lie without challenge from journalists in the news report (see also Weaver 1994). Objectivity separates reporting and commentary, with opinion relegated to the op-ed page or to clearly labeled news analysis or commentary articles. Many readers, however, never get to the editorial page, and therefore the lies in the news coverage often go undetected. On policy issues, officials can readily dismiss the proponents of radical alternatives as unrealistic without having to match or refute the proponents' analysis.

Government as a source for news coverage can serve as an important factor in the expansion and maintenance of a large, powerful government. Government often assumes important new powers during times of crisis and emergency (Higgs 1987). The news media rely on dissenting official sources to provide the other side of the story on national security and foreign-affairs issues (Hallin 1986). For example, news coverage of the Vietnam War was highly favorable to the Johnson administration until opposition to the war emerged within Congress and official Washington. During times of foreign crisis and the early stages of a war, there is likely to be near-unanimous support for the war effort among the denizens of official Washington. The crucial expansion of government power can occur without the news media's presenting the case against that expansion (for want of a prominent source).

Once the crisis passes, objective reporting helps to sustain large government. Objectivity requires presenting both sides of a story, so government spokespersons always get an opportunity to state the rationale for and alleged benefits of a program or regulation. Other spokespersons state the opposing case. News consumers face a signal-extraction problem and must determine the probability that the regulation is worthwhile, given these conflicting evaluations. Rational consumers will base their evaluation on the opposing spokesperson's prominence, the government officials' general credibility, and the details of the case as presented in the media. Roberts and Stratton (2000) explain how media coverage facilitates the prosecution of innocent victims in the criminal-justice system, but their argument can be extended to the protection of unjustified government programs. Media coverage often allows for little more than assertions of fact, as opposed to the

presentation of evidence. Thus, consumers have only the government officials' general reputation to guide their evaluation of the case for continuation of a government program. Perhaps half of news consumers in such cases will end up believing the government spokesperson. The least justifiable government programs benefit the most from such coverage because if coverage were to include the details of the case for and against government regulation, few people would support the continuation of a program.

Still, a few caveats are in order. The weight that reporters place on official sources is probably consistent with that placed by median news consumer. Most Americans probably agree with using government officials as authorities in stories, and they trust government officials more than they trust libertarian academics. Libertarians might argue validly that such trust is misplaced, but market-based news organizations must consider their customers' preferences. If Americans as a whole became much more skeptical of government officials—if they considered Pentagon and State Department spokespersons as comparable to Saddam Hussein's information minister—market-based news organizations would respond accordingly.

Furthermore, nongovernmental groups, such as the Sierra Club and National Rifle Association, attain quasi-official status (as privileged sources) and use their status as regular commentators effectively to lie.⁷ Not all such privileged sources favor an expansion of government. Groups that attain privileged status get quoted more often, and this exposure maintains their level of recognition and makes them attractive spokespersons in the future. The regular use of privileged sources to provide balance generates more of a status quo bias than necessarily a bias in favor of larger government. Given the size of government today, however, a status quo bias favors maintaining the welfare state and total government spending at some 40 percent of national income.

The repeated game played by spokespersons and reporters also allows reporters to monitor lying by spokespersons. A reporter can distinguish truthful and unreliable sources over time. In principle, he can punish a source for lying by not quoting him in the future, providing even government sources an incentive to be truthful. Objectivity in practice seems to adhere too strictly to balance, which prevents effective monitoring of sources. Suppose a reporter who has covered defense policy for several years concludes that Pentagon sources are completely unreliable, that the defense secretary's statements about events in the war on terrorism are typically false, and that the errors are often intentional. The reporter's next story contains no quotes from the secretary of defense. Editors in all likelihood would object to this omission and require inclusion of comment from the Pentagon for balance.

Reporting both sides of a story allows the consumer to decide the credibility of these two sides of a policy argument instead of relying on the reporter's evaluation. The reader, however, may not be able to monitor lying by sources nearly as well as the

7. Consider the response by gun-control groups to the publication of John Lott and Thomas Mustard's study on the effectiveness of concealed-carry gun laws, described in Lott 1998, 122–28.

reporter can. Few news consumers keep scorecards on the accuracy of spokespersons, much less details as to whether untrue statements were lies or just mistakes. Reporters can probably keep this record much more readily than the consumer. Allowing reporters or news organizations discretion to exercise judgment in selecting sources and to ignore a side of the story creates the potential for biased reporting. Objectivity tries to avoid biased reporting at the expense of allowing sources to lie.

National Media and the Decline of Federalism

The new media of the twentieth century facilitated the rise of national news organizations. Newspapers historically have been local in scope, limited by their ability to deliver papers while the content was still news. News bureaus such as the Associated Press provided stories for newspapers across the country, but they supplied only an input to local news organizations. The NBC and CBS radio networks were the first news organizations with access to the entire nation. In addition, local broadcast news differs in its capacity to cover local politics.

National news is not content neutral. Any market-oriented news organization must present news of interest to its audience, and a national news organization seeks news of interest throughout the country. Hence, coverage of national politics dwarfs that of state or local politics. The network evening news reports the president's activities each day because all Americans are potentially interested in his actions. By contrast, California has only 12 percent of U.S. residents, and the median state by population has only slightly more than 1 percent of residents nationwide. Consequently, the overwhelming majority of viewers will have little interest in politics in any given state other than their own. The fifty governors together receive a small fraction of the coverage that the president receives from national news organizations. Local political issues and contests receive national coverage only as they represent general issues around the country, determine the partisan balance of the House or Senate, or signal future political trends. Within our federal system, national news organizations helped tilt the balance of news coverage away from states and local governments and toward Washington.

Broadcasting affects coverage of state and local government as well. Newspapers can include content of little interest to many readers and allow the readers to select only the articles they find of interest. In addition, newspapers can print zoned local sections whose content varies for different parts of a metro area. Broadcasters, in contrast, must transmit the same news to all their consumers, and most local television viewers care little about politics in cities other than their own. Central-city population amounted to more than a quarter of total metro population for only three of the ten largest U.S. metro areas in 2000. Suburban government receives virtually no coverage; the largest suburb in New York (Newark, N.J.) includes only 1.3 percent of New York's metro population. For these reasons, newspapers can carry much more news on the state legislature and municipal government than local television stations can.

National news organizations also affect the balance of power between the branches of the federal government. Members of Congress are for the most part of

interest only to their constituents, not to a national audience. National news values a senator or representative's statements only as they are relevant to national policy, not when they are directed toward constituents. Television's focus on the executive is well known. As noted earlier, by the early 1990s the three major television networks had cut in half the number of personnel they assigned to Congress (Kimball 1994, 105).

Over time a shift in news coverage plausibly affects attitudes toward government. If coverage promotes an efficacious view of government, news focus on the federal government to the exclusion of state and local government or on the executive rather than on Congress will affect the public's willingness to turn to state and local government for solutions. If the president receives more news attention than governors or mayors, and if members of Congress receive more coverage than do state representatives, people may well look toward Washington for government solutions. State and local governments thus become an invisible afterthought.

Federalism plays an important role in constraining government (Sinn 1992). State and local governments have difficulty redistributing income because high-income individuals can exit, and transfer recipients can migrate into the jurisdiction. A progressive federal income tax is more difficult to avoid than state income taxes. Similarly, federal funding disperses costs more broadly and makes many subsidies—such as water projects that produce on-farm benefits worth only a fraction of the projects' cost (Anderson 1995)—more feasible politically when funded at the federal level than at the state level. Moreover, states traditionally have provided a counterweight to Washington within the federal system.

Working in the opposite direction, however, the quantity of local television news (typically three or more hours a day for many major-market network affiliates) greatly exceeds the amount of network news, and local news does cover governors, congressional delegations, and local government. Although local news places a great deal of emphasis on crime, much more than on local government (Rowse 2000, 35), the volume of coverage cannot be ignored. Even municipal politics, traditionally ignored by local television, has broadcast access on many cable television systems. The ratio of local to national news on television may not differ significantly from the ratio in a daily newspaper.

I do not claim to have established that the rise of broadcast news caused the decline of federalism. Although differences in coverage should plausibly affect popular attitudes toward federalism, this relationship by no means proves the point. Moreover, factors unrelated to national broadcast news contributed to the growth of the federal government relative to that of state government in the twentieth century. The direct election of senators, for example, eliminated an important means for state governments to check the national government. Improved transportation allowed members of Congress to make more trips back to their districts, and air conditioning reduced the cost of longer congressional sessions. Two world wars, the Great Depression, and the Cold War presented threats to the nation for which the federal government had a comparative advantage over the states in responding. The marginal contribution of national media to the centralization of power is thus difficult to identify.

Conclusion

Do the news media tend to produce big government? The media's alleged liberal bias has received considerable attention over the past thirty years. Journalists can slant the news to support the expansion of government, portraying all societal ills as potentially remediable by government and ignoring evidence concerning government failures. I examine claims of direct media bias elsewhere (Sutter 2001, 2002) and simply note two points here. First, thirty years of content analysis have failed to document conclusively a liberal bias in the news. Examples can be collected of both liberal-leaning and conservative-leaning reporting. Second, if liberal bias in the news drove away conservative news consumers, bias would reduce revenues. Profit-maximizing media owners would try to limit the slanting of the news by liberal reporters in favor of liberal causes.

I have considered in turn five mechanisms of indirect bias that might produce large government: government activity as a subject for news, government as a hero in marketable stories, broadcasting as a regulated industry, government officials as sources for stories, and broadcast news as a source of the decline of federalism. The "statist quo" arguments that the news media favor the expansion of government as a cheap source of news and that broadcasting is a regulated industry are weak. Even if the total value of government as a source of news is high, the paucity of coverage for most government activities suggests that the marginal value of government is near zero. The argument might be modified to claim that efforts to expand government provide good news stories, but this claim is an empirical one, and no evidence exists to demonstrate that efforts to expand government boost demand for news more than efforts to shrink government. Although the public owns the airwaves and broadcasters are subject to FCC regulation, broadcasters have enjoyed *de facto* First Amendment protection. News organizations can impose costs on politicians, so efforts to extract biased coverage as a regulatory rent seem to be a losing proposition for politicians. Government as hero in marketable stories is a stronger mechanism. Government action can provide a satisfactory resolution of threats and crises that make marketable stories, but information about a government policy response benefits both consumers and nonconsumers of a news product. Market-based news organizations should prefer solutions that protect only news consumers in order to maximize the value of their news to those consumers. Nonetheless, the constant portrayal of danger in news stories might contribute to a climate of risk in which political entrepreneurs can readily market government policy solutions.

Government officials as privileged sources for stories provides probably the strongest mechanism of indirect bias. Objectivity involves presenting both sides of the story and allowing the consumer to evaluate them. Politicians or public officials typically provide one side and sometimes both sides of the story, so the rationales for government policies are continually repeated. The effect is especially pronounced on national-security issues, where the political establishment provides both sides of the story and where in times of crisis politicians rally around the flag. At moments of crisis—when new powers are typically delegated to government—the media might

fail to present the argument against expanding government. Once government programs are in place, politicians and bureaucrats always get to declare what wonderful benefits the programs provide to society; the balanced nature of objective news coverage protects government programs that otherwise would most likely be scrapped.

Finally, the emergence of broadcast news in the twentieth century led to truly national news organizations. National news focuses more closely on the national government than on state and local government because news from any one state interests only a small fraction of a national audience. Local television news cannot provide the same type of coverage of state legislators or city government that a newspaper can. Broadcast news plausibly might have contributed to the decline of federalism in the United States because people might be less likely to think of turning for solutions to state and local governments, which are nearly invisible on television news. I offer this proposition mainly as an intriguing hypothesis for future investigation.

The effects of indirect news bias are difficult to distinguish from broader market and societal forces. Market-oriented news organizations tailor their product to consumer preferences, as do other firms in the market. Thus, the media both reflect and shape popular attitudes toward government. They turn toward the middle ground of society. Extreme views on the left and the right have few adherents and thus relatively low demand. Radicals on the extremes almost always find politics and the news quite frustrating. Market-driven news organizations, however, also have an incentive to innovate and to cater to new views, which can allow today's radicals to enter the political debate.

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