MEDIA FREEDOM AND THE ROLE OF IDEOLOGY

by

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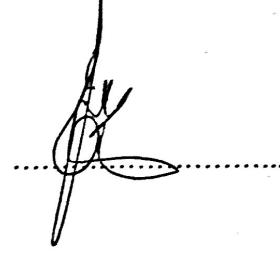August 2016

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To my family

ABSTRACT

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Media freedom is crucial for good governance but what leads to free media? Does the ideology of media outlets tend to make media outlets independent from the influence of the incumbent party? In the political economy of media literature, the ideology of media outlets are usually seen as a negative factor for media freedom. Using a formal model, this paper demonstrates that the ideology of media outlets can rather promote media freedom by acting as a safeguard against media capture by the government. In the model, I label media outlets as adversarial and non-adversarial ones, and demonstrate that the media capture becomes harder as the proportion of adversarial media outlets in a country increase. I also show that the media capture becomes less likely as the level of opposition by the adversarial media outlets increases. Case studies from Turkey and Peru support the implications of the model.

ÖZET

MEDYA ÖZGÜRLÜĞÜNDE İDEOLOJİNİN ROLÜ

İPEK TUĞÇE BAHÇECİ

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Medya özgürlüğü iyi bir yönetim için gereklidir, o halde medya özgürlüğünü belirleyen faktörler nelerdir? Medya kuruluşlarının kendi ideolojilerinin olması onları yönetimdeki partinin olası etkisinden bağımsız kılar mı? Medya üzerine yazılmış siyasal ekonomi literatürü medya kuruluşlarının kendi ideolojilerinin olmasını medya özgürlüğü açısından olumsuz bir etki olarak değerlendirir. Bu çalışma, bir model yardımıyla, medya kuruluşlarının kendi ideolojileri olmasının, onları yönetimdeki partinin etkisinden bağımsız kılabilecek bir etken olarak, medya özgürlüğünü pozitif yönde etkileyebileceğini göstermektedir. Modelde, medya kuruluşları ideolojik olarak hükümet karşıtı olanlar ve diğerleri olarak ikiye ayrılırlar. Sonuçta hükümetin ideolojik karşıtı olan medya kuruluşlarının medya içindeki oranı arttığında, medyanın yönetimdeki parti tarafından tamamen ele geçirilmesinin zorlaştığı gözlenir. Türkiye ve Peru üzerine vaka çalışmaları modelin sonuçlarını desteklemektedir.

Contents

CHAPTER 1

INTRODUCTION

Free media facilitates the functioning of a democratic political system by providing the information flow from government to the public. Free media promotes social and economic development by promoting good governance. Today, some countries incorporate free media while governments in others tend to silence media through bribing or repressing. What determines this variation across countries? This paper aims to contribute to the growing body of literature regarding the determinants of media freedom by modeling media freedom as an output of a game between media, the incumbent party and voters. As a result, I find that ideology of media outlets and the strength of this ideology determine the scope of media freedom by affecting the likelihood of media capture.

This paper, using a formal model, presents the ideology of media outlets as a determinant for media freedom in countries where media is ideologically polarized. I will argue that silencing media, i.e. media capture, becomes a harder task for the incumbent party when the media outlets in a country are ideologically diverse and have strong ideologies. I will test the implications of the model with case studies from Turkey and Peru.

What motivates this study is the crucial role independent media plays for the functioning of democracy. This paper, like the majority of political economy papers written on media, assumes that mass media provides the information that people use in elections in democratic regimes. In other words, widespread information is crucial for democracy since it allows voters to know about whether the incumbent party exploits its political power. Thus, media matters for people's voting decisions.

A corrupt incumbent may abuse its power and use it to transfer state resources to the

privileged few at the expense of many. When media does its job well, voters may punish the corrupt incumbent by not voting for it in the upcoming election. Voters, at a large scale, can reach to this information about a corrupt incumbent mostly through the media. Media plays a crucial role in spreading the information about the corruption.

This paper relate to the two pillars of the political economy literature on media freedom: media capture and media bias. Media capture occurs when the government manages to silence media outlets in order to prevent them from providing information to the voters. In this paper, not being captured by the government is a criterion for free media. Media bias, on the other hand, is defined as misreporting of news in favor of the interests of state or private actors. Media capture may cause bias in the media coverage. Similarly, an ideological position taken by a media outlet may also cause media bias since this media outlet will tend to alter its coverage depending on its ideology.

In the literature, both media capture and media bias are seen as detrimental factors that spoil media freedom. I argue in this paper that ideologically biased media can rather act as a positive factor that may enhance media freedom by inhibiting media capture. On the one hand, an ideological media outlet may alter its news coverage in order to serve private or political interests as mentioned above. This negatively affects media freedom. On the other hand, ideology may have a positive effect on media freedom, too. Biased media is harder to silence through capture when this media outlet ideologically opposes the incumbent. Because this media outlet may have less incentives to accept any material benefit coming from the government in return of suppressing the information about corruption.

In order to demonstrate the positive role that the ideology plays, this paper uses a formal model by building on an existing media capture model of Besley and Prat (2006). Besley and Prat, in their paper, introduce media as a player to the existing political agency games in the literature (a la Robert Barro 1973; John A. Ferejohn 1986). This political agency literature talks about the role of information on the reelection of politicians. In a world which consist of an increasing number of states with democratic institutions and popularly elected politicians, media plays a crucial role for the flow of information. This relationship between the politician, media and the voters consists a part of the election process. Besley and Prat (2006) paper innovates political agency models by providing voters with information endogenously by the media outlets. Their model discusses how and when government captures media. The model reveals that independence of media can be ensured when the number of privately owned media outlets and the commercialization in the media market increase. Nevertheless the issue of

ideology is left out in their media capture model. In this paper, I will extend Besley and Prat (2006) model by adding an ideology dimension to it. In the model, I will discuss the role of ideology on media capture when media outlets ideologically oppose the incumbent. The model demonstrates that as proportion of adversarial media outlets increase, silencing media becomes harder.

In the next section, I will introduce definitions and key concepts. The rest of the essay will be organized as follows: in Chapter 2, I will go through the literature building on the main assumptions of the model. I will introduce the model in Chapter 3. Chapter 4 will include case studies from Turkey and Peru respectively.

1.1 Definitions and Key Concepts

In this paper, I restrict the definition of media freedom to the print and broadcast media's ability to deliver news about activities of the government including the corrupt ones. If people in a country are able to reach information about anything including corruption through main-stream media, one can argue that media freedom is extant in this country. For the purposes of this research, I focus only on the end result while defining media freedom: Whether the government attempts to silence media using methods including bribing, censoring, harassing or arresting journalists or not is not subject to the definition of media freedom. I only focus on the question whether media can facilitate transparency and provide necessary information to the public about the activities of the government?

Ideology of media outlets, which is introduced as a determinant for media freedom, is defined as the ideological deviations of media outlets from the government. Are media outlets ideological proponents or opponents of the government? Do they have the same ideological position with the government or are they against it? Media outlets may oppose the government in different ideological dimensions. As the media market include more outlets that oppose the incumbent party ideologically in any dimension; we expect polarization and diversity in the media market; and this polarization and diversity serve to a greater media freedom as they help to inhibit media capture.

Assuming that media outlets may possess ideologies, the question arises: what kind of an ideology they may have? Anti-government stance of a media outlets is not endogenous to the model. In other words, media outlets do not become ideological outlets because they are tried to be captured by the government. Some universal or country specific cleavages may

create initial differences among people, and thus initial ideological proxies for media outlets. These dominant and politically salient cleavage structures in countries may provide the space for ideological polarization: For instance center-periphery cleavage in Turkey, or the division between Republicans and Democrats in the US. Media outlets may oppose the government in different ideological dimensions if there are more than one dominant cleavage structure in the country.

Political ideology concept traditionally recalls the left-right cleavage. However the form of this left-right distinction may take different forms in different countries. For instance, in Turkey, the rivalry between the left and right is historically represented by the center-periphery cleavage since the late-Ottoman period (Mardin 1973). Mardin (1973) refers to the clash between the ruling elite and the rural masses as the divide between center and periphery. He defines center as the military and civil bureaucracy, while defining periphery as the marginalized masses who failed to adapt the modernist ideology of the state. Politically, this clash between center and periphery was represented in the rivalry between center-right Democrat Party (DP) and center-left Republican People's Party (CHP) during the early years of Turkish Republic. However, state bureaucracy and military do not represent the center in modern Turkey anymore. As Kalaycioglu (1994) puts it, "the center is no longer what it used to be: Turkey lacks a coherent and compact elite group occupying the center and defending collective interests of the center." Although the center-periphery divide is stretched and changed shape in time, the cleavage continues to dominate Turkish ideological sphere in its contemporary form. Hale and Ozbudun (2009) argues that center-periphery distinction is overlapped with the secular-Islamist cleavage in modern Turkey although they do not exactly match. As Hale and Ozbudun puts it, governing Justice and Development Party (AKP) of Turkey seems to be a representative of the peripheral values which defend the conservative and religious sectors of society that are marginalized or excluded by the secular center. Therefore, an anti-government media outlet in Turkey could be representing the centrist values, which in time overlapped with secularism.

Nevertheless, an ideological clash between the incumbent party and a media outlet is not necessarily limited to a single dimension. Different media outlets may oppose the incumbent party from different ideological dimensions. For instance, Dogan Group in Turkey is an ideological opponent to the governing AKP with its bias towards the centrist values, whereas BirGun outlet is an opponent as a representative of the leftist ideology.

As I demonstrated with the example of Turkey, ideological stances of media outlets rep-

resent dominant politically salient cleavage structures in their countries and these stances are assumed not to be endogenous to the relationship between the media outlet and the incumbent party. Moreover, these ideological stances are not restricted to one dimension or not restricted to traditional left-right division. Depending on the cleavage structures of countries, ideologies may clash in multiple dimensions and these dimension may differ from country to country.

CHAPTER 2

LITERATURE REVIEW

2.1 Determinants of Media Freedom

There is a growing literature that attempts to understand the mechanics of media freedom that I investigate in this paper. The empirical and theoretical literature focuses on factors such as revenues and commercialization of the media market (Hamilton 2004, Besley and Prat 2006, Gehlbach and Sonin 2014, Petrova 2011), concentration of ownership in media outlets (Corneo 2006, Djankov et al. 2008), existence of natural resources (Egorov et al. 2009), and regime type (Stier 2015) as potential determinants of media freedom. One basic premise of this literature is that politicians invest resources to capture the media and tilt news coverage to prevent media from providing news about corruption to the voters. This paper follows a similar approach and focus on government's capture of media following other theoretical papers such as Besley and Prat (2006) and Gehlbach and Sonin (2014).

Besley and Prat (2006) presents one example of this theoretical media capture literature. As mentioned in the previous part in detail, Besley and Prat (2006) introduce number of privately owned media outlets and commercialization in the media market as determinants of media freedom. According to them, both factors impact media freedom in a positive direction. In other words, an increase in the number of privately-owned media outlets in a country enhances media freedom by hindering media capture. Similarly, as media outlets start to make more profits out of commercials, the level of media freedom increases because capture becomes difficult. They do not leave any room for ideology in their paper.

Gehlbach and Sonin (2014) focus on two dimensions of media freedom: media bias and media ownership. They define media bias as misreporting by the media only in favor of the interests of the government. Later, they provide a formal model in order to demonstrate that media bias is higher, or media is less free, when the state has a particular interest in mobilizing citizens. In other words, they introduce the mobilizing character of the government as a determinant for media freedom. Governments are more willing to mobilize when they need to take actions for their own political objectives that are not in line with citizens' best interests. They also suggest that regime type, competition in the media market, and advertising revenues in the media market are other factors that determine variations in media freedom. They expect to see higher media freedom in polities with democratic regime types, and with higher competition and higher revenues in the media market. Unlike this paper, they do not count media slant in favor of private interests, e.g. interests of media outlets, as media bias. Finally, authors suggest that when capturing the media is too costly, the government can instead nationalize it.

Di Tella and Franceschelli (2009) focus on the government transfers in the form of public advertising in newspapers. Using data from Argentina between years 1998 and 2007, the authors observe that as public advertising in a newspaper increases, the emphasize this newspaper gives to corrupt activities of the government decreases. They measure how much money each paper receives from government-related advertising and compare it to the amount of first-page coverage devoted to corruption scandals.

Another branch focuses on ownership regime of media outlets. Djankov, McLiesh, Nenova and Shleifer (2003) is one example. Djankov et al. (2008) provide empirical evidence that state ownership of media decreases media freedom, since the capture of state-owned media is easier for those in power. Although they state that this pattern do not imply causality, their argument is that press freedom decreases when the share of state in media ownership

increases. They also show that state ownership is more common in "countries that are poorer, more autocratic, with lower levels of primary school enrollment, and with higher levels of state intervention in the economy."

Government is not the only actor that may attempt to capture media. Private interest groups or even masses may capture media; and this eventually decreases media freedom. Two examples of the theoretical literature on private capture are Corneo (2006) and Petrova (2008). Corneo (2006) observes that capture of media by private interests is harder when the ownership of a media outlet is shared by few large shareholders rather than many small stakeholders. They define press freedom as the absence of media bias as a result of capture by private interest groups. Petrova (2008) focuses on the role the rich plays in media freedom. She argues that rich tries to influence media coverage to manipulate public opinion about tax system and public projects. The author empirically shows that media freedom decreases as inequality increases in a country because the likelihood that rich will try to alter news coverage will increase with inequality.

In addition to the studies that focus on the source of the media capture, there is a large body of literature on general determinants of media freedom. One branch of this literature emphasize the role of commercialization in the media market. For instance, Hamilton (2004) thinks that media freedom is a by-product of the emergence of daily newspapers as a commercial product. He shows in his book that only 13% of US press was independent 1870. As the market for newspapers grew, 47% of press became independent by 1900. Gentzkow, Glaeser, and Goldin (2006) focus on the period from 1870 to 1920 when media industry passed through a major transformation in the US. During this period, media became independent rather than being simple public relations for politicians. The authors argue that increased scale and competitiveness in the media market gave rise to independent press in the US during this period. Petrova (2011) also focuses on the same period that the independent media developed in the US. In her 2011 study, "Newspapers and Parties: How Advertising Revenues Created an Independent Press" Petrova argues that advertisement revenues, or profitability in the media market bring freer media. She presents such evidence using data from American newspapers in the 1880s. She adds that economic factors are not sufficient to explain media freedom, incentives that politicians give to media outlets matter, too. Egorov, Guriev and Sonin (2009) look from natural resources perspective in their article "Why Resource-poor Dictators Allow Freer Media: A Theory and Evidence from Panel Data." They show that resource-rich countries with authoritarian governments have less free press compared to other authoritarian

regimes. Their reasoning for this pattern is that authoritarian governments need bureaucrats to improve quality of government whereas resource-rich dictators do not. To give incentives to bureaucrats, resource-poor authoritarian governments allow for freer media.

2.2 The Role of Media on Political Behavior

The model on this paper is based on the idea that media has a significant effect on voting behavior. One basic argument is that the media provides information to the public about the activities of the incumbent party and the public decides whether to elect the incumbent for the following term based on this information. One pillar of existing literature supports this assumption. Several studies show that media has a significant effect on people's voting behavior. For instance Enilokopov, Petrova, and Zhuravskaya (2011) demonstrate that access to different TV channels in different regions of Russia affects the number of votes coming from these regions for the governing party in 1999 parliamentary elections. Their study compares regions of Russia which are heterogenous in terms of their ability to access to the only independent television channel at the time. They observe that the aggregate vote for the incumbent party systematically decreases in regions with an access to independent television. DellaVigna and Kaplan (2007) is another study that estimate effects of media on voting behavior. In this study, authors analyze the effects of the entrance of Fox News[1] in the US media market between 1996 and 2000. They observed that Republican candidate increased his vote share in 2000 elections in 9,256 towns where Fox News had been in the market by year 2000.

A subset of literature on the role of media on political behavior focuses on voter turnout. Gentzkow, Shapiro, Sinkinson (2011) show that newspapers increase political participation using data on entries and exits of US daily newspapers from 1869 to 2004. They find that an additional newspaper at state level increases both presidential and congressional turn out. Nevertheless, they fail to find a significant relationship between the incumbent party's reelection and newspaper coverage. Similarly, Gerber, Karlan and Bergan (2009) find using experimental data that newspaper readership increased voter turnout in Virginia in 2006. Gentzkow (2006) also study the effects of media on voter turnout and comes up with interesting results. Using a cross-country dataset, he empirically shows that introduction of television reduces voter turnout rates, while newspapers make a reverse effect on turn out.

Another branch of literature on the effect of media on political behavior focuses on politi-

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[1]Fox News is known by its Republican bias in the US

cal knowledge. Delli Carpini and Keeter (1992) use survey evidence to show that self-reported exposure to news in newspapers and radio is positively correlated with political knowledge. Prat and Stromberg (2005) also support this relationship by using data from Sweden. In this country, when people start to watch television political knowledge increases. Some other laboratory studies such as Neuman, Just, and Crigler (1992), and Norris and Sanders (2003) also find that people learn from watching news. Finally, Analyzing data from the American National Election Studies 1984-2000, Snyder and Stromberg (2010) find that voters are more informed about their representatives more in regions where newspapers cover news about House of Representatives more. This is an evidence for the effect of media on political knowledge.

Assuming media has a significant effect on voting behavior brings us to the following premise: Politicians are expected to find ways to silence media to foster their positive coverage on news as long as they can. Therefore the capture of media by politicians is a natural result of media's effect on voting decisions. This paper belonging to the literature on the determinants of media freedom is also built on this premise.

2.3 The Role of Media in Reducing Corruption

This paper argues that media freedom acts as checks and balances on governments. The public may punish corrupt governments once they reach to the information about corruption through independent media outlets. Therefore, media freedom plays a central role in reducing corruption. Political economy literature on the role of media in shaping economic and political outcomes supports this claim (Ahrend 2002, Adsera et al. 2003, Brunetti and Weder 2003, Djankov et al. 2003, Chowdhury 2004, Besley and Prat 2006, Freille et al. 2007, Lindstedt and Naurin 2010). For example, Besley and Prat (2006) explains that politicians are more likely to engage in corrupt activities in the absence of media freedom due to moral hazard and adverse selection. Moral hazard causes elected politicians to engage in corrupt activities when they know that they are less likely to get caught (due to lack of media freedom). Similarly, intrinsically bad politicians are less likely to be revealed in the absence of media freedom and this effect is called adverse selection.

Brunetti and Weder look at the relationship between media freedom and corruption in their 2003 study. The authors argue that media freedom is a factor that curbs corruption since it facilitates monitoring of politicians by the public. In order to test their claim, they design

an empirical study using ordinary least squares and two-staged least squares regressions and find that press freedom has a significant negative effect on corruption. The results are robust for different model specifications and different measures of corruption and press freedom. They use Freedom House's press freedom index and ICRG[2]'s corruption index as respective measures.

The empirical section of the Besley and Prat (2006) shows a mere correlation between lack of media freedom and corruption after measuring corruption using ICRG□s Corruption Index just as Brunetti and Weder (2003) did. The novelty of this study is their measurement of media freedom using different scales. Instead of using a media freedom index, the authors look at two different variables: state ownership of newspapers and concentration in ownership of newspapers. They assume low state ownership if state has less than 30 percent share in the media market. They assume high concentration in ownership if top 5 media outlets own more than 75 percent of the media market. They expect to see less corruption when media companies are private and have less concentration in their ownership.

Adsera, Boix and Payne (2003) does not directly look at the effect of media freedom on corruption. The authors are rather interested in a more comprehensive question: the impact of political accountability on the quality of government. They measure media freedom with "Free Circulation of Newspapers" while measuring quality of government with indices of "Corruption", "Bureaucratic Quality", and "Rule of Law." The strongest relationship they found is between Circulation of Newspapers and Corruption. Regarding the main interest of this essay, I will focus on this part of the study that is related to corruption and media freedom. Adsera, Boix and Payne (2003)'s study finds a strong effect of free circulation of newspapers on the level of corruption and the effect is robust for different model specifications. When circulation of newspapers increases from its median value to its maximum, they expect to see a 2.2 points

Ahrend (2002) looks at the effect of human capital and media freedom on corruption. The study shows that higher levels of education is negatively associated with the level of corruption only when media freedom is high. The model includes income, trade openness and rule of law as control variables. The study employ Granger causality test in order to solve for endogeneity problems. The economic model of Ahrend (2002) is much less rigorous than Adsera et al. (2003). First of all, they include control variables which may be suspected to be the outcome of dependent variable. For example, rule of law may be affected by the

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levels of corruption. Secondly, Ahrend do not check robustness for different measurements of corruption and media freedom. One final difference from Adsera, Boix and Payne (2003) is that Ahrend (2002) uses education variables as explanatory variables whereas Adsera et al. (2003) use them as instruments.

Nevertheless, the attempts of recent empirical literature to reveal a causal mechanism is insufficient given the methods used. Why is there a negative association between media freedom and corruption? Is there a third factor that effect both corruption and media freedom? What is the direction of this relationship? Is there a reverse causality problem? Is media freedom exogenous to the empirical models? These questions have no explicit answer since the field is dominated by cross-sectional OLS regressions. Only in a few specifications, researchers attempt to use Instrumental Variables (IV) approach to reveal a possible causal mechanism, although the instruments are weak.

Stanig (2015) is one of the studies that use Instrumental Variables approach. Stanig's study looks at the effect of repressive defamation legislation that restrict media freedom and finds that corruption attracts significantly less attraction from the media in Mexican states where defamation laws are more repressive. In other words, acts of corruption are more likely when politicians can restrict media coverage by exploiting defamation legislation.

2.4 Ideology of Media Outlets

In this paper, I will assume that media outlets can have different ideologies. They can be ideologically close to the incumbent or they can be ideological adversaries. This ideological rivalry can take place in any dimension that is politically salient to the country. Ideological position of a media outlet may alter the news coverage of this outlet and deteriorate media freedom in country. But it may also enhance media freedom by making media capture by the incumbent party more difficult.

As Prat and Strömberg (2013) summarizes, media bias may take four different forms. A media outlet with issue bias select what issues it will cover. For instance, a captured media outlet does not cover issues related to corrupt activities of the incumbent party. Facts bias affect what aspects of issues a media outlet chooses to include or exclude. Framing bias influence the way facts are presented and finally ideological stand bias determines how the facts are commented. Therefore, media bias is usually seen as a negative factor that skews elections and ultimately produces detrimental policy outcomes (Prat and Ströomberg 2013).

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Nevertheless, the biased media may enhance media freedom if this outlet is tried to be captured by the government. Our model demonstrates that media's capture by the government gets harder when the proportion of ideologically opponent media outlets increases.

Arguing about the role of ideological media outlets in media outlets, one may question whether it is plausible to assume media outlets have ideologies. The literature supports the assumption that media outlets may have ideologies that lead to media bias as Prat and Strömberg (2013) explicitly states:

> A media with a leftist label is more likely to have content with a pro-left electoral impact, that is more likely to endorse left-wing politicians, cover issues owned by the left, include facts positive for left-wing politicians and frame issues in a way that benefits left-wing politicians. It is also more likely to use words and phrases that attract left-wing consumers and that alienate right-wing consumers.

Additionally, Puglisi and Snyder (2008) find that when an outlet in the US has more Democratic-leaning, that outlet tend to cover Republican scandals more than Democratic scandals. In other words, Democratic papers tend to emphasize Republican scandals. Gentzkow and Shapiro (2010) analyze how frequently partisan words and phrases appear in a sample of newspapers in the US. They measure partisan words and phrases by looking at the similarities between the words used by newspapers and congressmen. They conclude that newspapers have partisan leanings.

The fact that media outlets may have ideological positions brings us to the question why media outlets need to have these positions? The literature posits two different explanations for this question: demand-side and supply-side stories (Prat and Strömberg 2013). On the supply side, preferences of the media outlet owners influence content. Profit maximizer media outlets are willing to sacrifice profits for the sake of their political views or for larger long-term gains from political connections. For instance, according to Baron (2006) a profit-maximizer firm can tolerate ideologically biased journalists if only the firm is allowed to pay those journalists less than others. Baron demonstrates a reverse relationship between ideological bias of a newspaper and the sale price of this newspaper. Duggan and Martinelli (2011) also follows a supply-side explanation. They argue that the position a media outlet takes is determined at the editorial level and this editorial make-up is the choice of the manager or owner of the outlet. Puglisi (2011) argues that New York Times included more democratic coverage during the

presidential campaign because the owners of the newspaper wanted to influence the result of the election in favor of Democrats.

On the demand-side, the explanation is derived from a psychological fact: confirmation bias which says that people like to read news that correspond to their prior beliefs rather than news that challenge their prior beliefs (Mullainathan and Shleifer 2005). Therefore, media outlets become ideological ones because they target audience with certain ideological preferences.

Gentzkow and Shapiro (2010) follow demand-side explanations positing that low-quality newspapers ignore signals contradicting the prior beliefs of their readers. In their 2010 study, Gentzkow and Shapiro asks whether ideological preferences of newspapers are audience or owner driven. They conclude that the ideology of owners plays a little role, as evidenced by the fact that newspapers belonging to same company may have different ideological orientations. According to the authors, the bias mainly depends on the ideological positions of their audiences. Similarly, Bernhardt, Krasa and Polborn (2008), show using a formal model that left-wing readers like to read positive coverage of left-wing politicians and negative coverage about right-wing politicians. Consequently, left-wing newspapers are more likely to produce positive news about left-wing politicians, they argue. Using another model, George and Woldfogel (2003) demonstrate that large groups can influence the content of media coverage. According to Hamilton (2004), the content is determined by the target audiences of large advertisers in countries where advertisement market is large.

Silencing media through bribing creates ideologically-biased media with a direction of the bias towards the government. Media outlets give up their shorter term benefits from commercial gains in return for larger gains from the government. So, the bias in non-adversarial or pro-government media outlets can easily be explained with the help of a supply-side story assuming that media outlets are profit maximizers.

Explaining the ideological bias in adversarial media outlets with a supply-side story assuming media outlets are profit maximizers is more difficult. On the demand side, however, profit-maximizer outlets can choose to become adversarial to gain the target market consisting of people who oppose the government. Therefore, explaining the ideology of adversarial media outlets with a demand-side stories is more plausible.

CHAPTER 3

THE MODEL

3.1 Players

This paper will employ a formal model in order to examine the ideology of media outlets as a determinant for media freedom. The model employed in this paper is an extension to an existing model written by Besley and Prat (2006).

Following Besley and Prat (2006), this model combines elections with a game between the media and the incumbent. The two-period retrospective voting model in this paper has three groups of players: incumbent party, media and voters.

Incumbent party is the first player and it has two possible types, θ. The incumbent party can either be a good type, g, or a bad type, b. The probability that a chosen incumbent party is of a good type is γ. In other terms, $\theta \in \{b, g\}$ with $Pr(\theta = g) = \gamma$. Goodness of an incumbent party can be interpreted as honesty or lack of corruption. Badness can be interpreted as stealing resources from voters.

Second group of players are media outlets whose role is to provide voters with the information that they will need to make their voting decisions. As a result of news delivered by media outlets, voters decide to vote for the incumbent party or not. TV stations or newspapers can count as media outlets. There are n number of media outlets in the model. These media outlets can prefer to be informative or not. Informative outlets deliver news and I assume that only informative outlets are preferred by viewers. Viewers divide themselves equally among

the media outlets that give informative news. Therefore each informative outlet gets an equal share from the total potential audience-related benefits in the market. An informative outlet gets $\frac{a}{m}$ where a is the total potential audience related benefits in the market and m is the total number of informative outlets. If a media outlet is non-informative, its audience-related revenue is 0. If there is only one informative media outlet in the market all revenues will be received by it and all viewers will be informed.

Media outlets can observe that an incumbent is a bad type with probability $q \in [0, 1]$ when the incumbent is bad. We can interpret this probability as the quality of media. As the quality of media increases, value of q gets closer to 1. Probability q can change depending on the technological and cultural characteristics of a country. Institutional factors such as censorship, harassment of journalists and the effectiveness of libel laws may also affect variances in q.

The n media outlets of a country are divided into two groups. The division is made based on their ideological stance towards the incumbent party: whether they are adversaries of the incumbent party or not. Adversarial media opposes the incumbent ideologically whereas the non-adversarial media have no opponent views. β fraction of the media is adversarial whereas the $1 - \beta$ fraction is non-adversarial. I assume that the type of the media is exogenously given for the sake of simplicity. Payoffs of all media outlets depend on audience related revenues regardless of their types . Audience-related revenues come from commercial sources such as sales, subscriptions, advertising.

Voters are the third group of players. They vote for the incumbent party if they believe that the incumbent party is a good type. Benefit of voters from a good incumbent is 1, whereas payoff of voters from a bad incumbent is 0. It is assumed that the voters do not observe their payoffs before their voting decisions.

3.2 The Game

There are three implicit assumptions of the game. First, signals regarding the type of the incumbent can only be bad. Second, media outlets can only print the verifiable information, they cannot be fabricate news. In other words, they cannot say that an incumbent party is bad when it is actually good. Third, all media have access to the same information. All media outlets are at the same level of quality.

The incumbent can silence media outlets when they observe that the incumbent is bad.

This is modeled as a bargaining game between the media and the politician similar to Besley and Prat (2006) paper. The incumbent can make an offer, t_i and t_j to two different types of media outlets in order to silence them. We assume t_i is the amount offered to the adversarial media and t_j is the amount offered to non-adversarial media. We assume that the incumbent needs to pay more in order to buy adversarial media. If a media outlet accepts the offer, it suppresses the signal that it received about the incumbent's type. The transfer is assumed to have a broad meaning for the incumbent. It can be interpreted as a loss of money, energy or reputation.

A transfer $t_{i,j}$, costs $t_{i,j}$ to the incumbent but yields $\frac{t_{i,j}}{\tau}$ to the media outlet. The parameter $\tau \in [0, \infty)$ is a transaction cost. The transaction cost can be interpreted as legislative constraints and the risk of judicial prosecution. It decreases the payoff the media outlet gets from transfer.

For the adversarial media, there will be a disutility ω from the re-election of the incumbent since it ideologically favors the opposition. If the incumbent is reelected, this amount ω will be deduced from the total benefit of an adversarial media outlet. Therefore, for adversarial media outlets the benefit from accepting the offer will be $\frac{t_i}{\tau} - \omega$.

The interpretation of ω can be made in two ways depending on the type of opposition in the adversarial media outlet. ω can be interpreted as a utility from the election of the opposition party if the adversarial media outlet's ideology is supply driven. Since the owners and the employees of the outlet opposes the incumbent directly, the outlet gets a direct utility from the election of the opposition party. However, this explanation does not work when the outlet's ideology is demand driven. If the ideology of an outlet is determined by the target audience in the market, the outlet do not get a direct utility from the election of the opposition. In this case, ω can be interpreted as an indirect utility that they get from revealing of the corruption. The outlet gets an indirect utility when the opposition party is elected as a result of an corruption coverage.

The payoff of the incumbent from reelection will be r. If the incumbent is reelected after silencing the media, the payoff will be $r - \Sigma_{i \in I} t_i$, and if it cannot be reelected the payoff will be $-\Sigma_{i \in I} t_i$.

The timing of the game is as follows:

(i) The incumbent's type $\theta \in \{b, g\}$ is realized. If $\theta = g$, media observe no signal ($s = \emptyset$). If $\theta = b$, media observe s = b with probability q and s = 0 otherwise. The incumbent observes the signal and decides to transfer $t_{i,j} \geq 0$, for each outlet i,j.

(ii) Media outlet observes the transfer and decides whether to accept or reject. If a non-adversarial media accepts, it reports s = $\emptyset$ and receives $\frac{t_j}{\tau}$. If it rejects, it reports the true signal. The non-adversarial media behaves the same. If it accepts and the incumbent is reelected it gets $\frac{t_i}{\tau} - \omega$, if it accepts but another media outlet rejects, it gets $\frac{t_i}{\tau}$.

(iii) Voters observe the type of the incumbent reported by the media. They decide to elect the incumbent if the incumbent's type is good, otherwise they elect the challenger whose type is unknown.

The implicit assumptions in the timing of the game are the incumbent knows the signal that the media received. The second assumption is that the incumbent makes its offer after the signals are received by media. A third assumption will be that the offers are simultaneous and private. This will be important for this model since adversarial type will be offered more by the incumbent.

3.3 The Equilibrium

The equilibrium of the game has two components. The first is the bargaining game between the incumbent and the media. The bargaining game determines whether the media is captured or independent. Media is captured when it accepts the transfer and suppress the signal, it is independent otherwise. The second equilibrium is of the voting game.

The model equilibrium in the media market is determined by perfect Bayesian equilibrium restricted to pure-strategy equilibria in which voters always vote for the preferred candidate. The equilibrium conditions are as the following:

Proposition 1 *Equilibrium in the media market may be one of two kinds*

1. *If $n < \frac{r}{\beta\tau\omega + \tau a}$, the media is captured – non-adversarial media outlets accept the bribe $t_j = \tau a$ and adversarial media outlets accept the bribe $t_i = \tau(a + \omega)$.*

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2. If If $n > \frac{r}{\beta\tau\omega+\tau a}$, the media is independent – each media outlet reports the true type of the incumbent.

Proof. See Appendix. ■

The proposition says that, the more plural the media gets, the harder it becomes to silence it. The plurality should be high relative to the ratio of rent enjoyed by the incumbent to the cost of silencing one media outlet. Other things being equal, capture is more likely when rents from office holding are high. When rents get larger, the amount that the incumbent may offer as bribes also increases. The higher the total amount of audience related revenues in the market, the harder the media capture. Other things being equal, as the media pie gets larger, it becomes harder to silence the media outlets who share a bigger pie. Media capture also gets higher when the proportion of adversarial media outlets in the media market increases. When the benefits from the election of the opposition increases for the incumbent, the probability of media capture also decreases.

In the equilibrium, it is not enough to bribe each adversarial outlet for their lost revenues $\frac{a}{n} + \omega$ or to bribe each non-adversarial outlet for $\frac{a}{n}$. In order to silence them, the incumbent should pay the amount they would get if they were the only informative outlet. A lower amount is not acceptable since the incumbent offers bribes only if it knows that everybody will accept. Thus the total cost of suppressing all adversarial and non-adversarial outlets will be $n(\beta\tau\omega + \tau a)$. The incumbent compares this total amount to its potential benefit from reelection, r.

Proposition 2 *The incumbent should pay an extra amount of $\tau\omega$ to each adversarial-media outlet in order to silence them.*

Proof. See Appendix. ■

The bribe that the incumbent transfers to adversarial and non-adversarial media outlets different. The adversarial media has an extra cost from the re-election of the incumbent. Adversarial media outlets give up a potential benefit of ω, from the election of opposition, when

they suppress the signal. The incumbent should compensate for this loss in order to convince the adversarial media outlet for to suppress the information. The higher the adversarial outlet's benefit from the election of the opposition, the harder it is to silence the media.

3.4 Limitations

One major limitation of the model is that it rules out one major tool used by incumbent governments to silence media: repression. In reality, repression might become the less costly option when ideological bias of media increases cost of buying off media outlets. Beyond a threshold level of ideological opposition in the media, the incumbent government may choose to resort to repression instead of bribing. For the current study, we abstract away from this potential complication and focus on cases where repression is never optimal. More specifically, the model assumes that the government does have effective repressing tools or the cost of repression is too high. One legitimation for this strategy might be to assume that ideological bias in the media is likely to be correlated with the ideological bias in the society [1] and this ideological bias in society consequently increases cost of repression for a democratically elected incumbent.

Another limitation of the model is the assumption that the viewers only prefer media outlets that deliver news. In reality, people tend to stick with biased media outlets that represent their own ideological bias. Chan and Suen (2008) show that readers choose a media outlet with similar ideological positions, they get more decision-relevant information from these outlets. This, as a result, lead to polarization of opinions and emergence of self-serving beliefs (Suen 2004).

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[1] citations for the correlations between ideological bias in media and society will come here

CHAPTER 4

CASE STUDIES

4.1 Turkey

Turkey has been attracting the attention of international community due to troubling issues related to press freedom in the country. For instance, Freedom House Report reveals the close relationships between the ruling AKP and various media outlets. The report asserts that one major obstacle to press freedom in Turkey is the economic dependence of the media outlets to state contracts (Freedom House 2014, IPI 2015). As Freedom House Report reveals, in Turkey, holding companies with interests in the media sector benefit from government contracts. For example Dogus Holding (owner of two television channels: NTV and Star TV) won a $702 million bid in May 2013 to operate a port reconstruction project in Istanbul. In November, Ihlas Holding (owner of newspaper Turkiye, Ihlas News Agency, and TGRT TV) signed a deal that worth $1.86 billion to redevelop one of Istanbul's neighborhoods. The reports warn that many mainstream outlets are under government's influence due to the similar business ties.

In this environment, Dogan Media, one of the biggest mainstream media outlets of Turkey, published a letter in 2014 addressing former prime minister and AKP leader, current president Recep Tayyip Erdogan. The letter was ended with the following sentence:

> Mr. President,
>
> If you mean that we are afraid of defending our right to freedom of the press, free speech and freedom to criticize, which are all guaranteed by the constitution, then you should know that we will defend these freedoms with no fear (Hurriyet Daily News 2015).

Following the report, Dogan Group came under a heavy pressure of the incumbent party. In the summer of 2015, government officials accused Dogan Group and its owner Aydin Dogan to be a supporter of Kurdish terrorist group PKK although they have no known connections to the terrorist organization. In September 2015, the headquarters of the media group

was attacked by a pro-AKP group that includes the former head of AKP's youth organization and a current member of parliament from the ruling party. The angry group broke the windows of the main building of the media outlet by throwing stones. Following the brutal attack, the head of the media group, Vuslat Dogan Sabanci, gave a speech in front of the attacked building. In her speech, she emphasized the media group's stance against terrorism by supporting the claim saying that the editor-in-chief of their newspaper once was killed by the very same terrorist group. She also clearly stated in the speech that they will continue their journalism correctly and objectively, by not giving any concession over their principles (Hurriyet Daily News 2015a).

Just a few days after the report, It was claimed that the Dogan Group and its former fuel retailing unit, Petrol Ofisi, would not be able to bid in state tenders, although this claim was refuted by Dogan Group. Following this event, Petrol Ofisi managers, including Aydin Dogan and his daughter Hanzade Dogan Boyner, are sued by the state in accusation of fuel smuggling for tax evasion. The claim is that Petrol Ofisi managers are suspected to be 'opposition to anti-smuggling law,' 'forgery of official documents,' and 'founding an organization to commit crime' (Ulas 2016). Although Aydin Dogan has refuted accusation and rejected his responsibility in the executive board of Petrol Ofisi using his news agency (DHA 2016), the case is still under investigation.

Although calling Dogan Group of Turkey as a fully independent media outlet would be a strong claim, it is clear that the group have been standing firm against the incumbent party compared to the other mainstream media outlets. Considering almost all mainstream media outlets, including Dogan Group, having business interests related to state contracts in Turkey, Dogan Group's adversary may be related to another factor. Dogan Group, as a representative of centrist/secular values, is ideologically adversarial to the religious conservative incumbent party.

Here, I need to mention that the stance of Dogan Group started to change after the November 2015 elections. Since November 2015 elections, where the AKP has won 49.5% of votes and consolidated its power, Dogan Group has started to alter its news coverage dramatically and has hired journalists who are known with their close relations to the top AKP cadres. However, one may interpret this change that the ideological threshold of Dogan Group is exceeded and this does not contradict the predictions of the model.

Going back to the discussion on the determinants of ideological stance of media outlets,

Dogan Group's adversarial stand can explained by both supply and demand-side stories. However, given the low levels of commercialization in the Turkish media market, a supply-side explanation will matter more. [1] On the other hand, pure intrinsic political views of media outlet owners cannot be explained with a profit-maximization assumption. The adversarial stand of Dogan Group, therefore, can be explained by critical junctures. The hostility between the media group and Turkish president starts in 2005 when Dogan Media publishes reports regarding the corruption in the party financing of Justice and Development Party (AKP). AKP replies back with a large tax fine (around $2 billion) to Dogan Group to punish the coverage of corruption. Since then, the hostility remains vivid and causes a chilling effect on all other media outlets. This chilling effect creates the dramatic difference between Dogan and Dogus Groups (Personal interview 2015). The payoff for Dogan Media, therefore, depends on both the profit-maximization and political views. In the model constructed in this paper, media outlets receive payoff both from their ideological preferences and profits.

In addition to the mainstream media outlets of Dogan Group, there are a few alternative media outlets in Turkey that stand against the governing AKP such as Cumhuriyet, Sozcu, Halk TV and BirGun. All these outlets have their bases in strong ideologies and are well known for their ideological stances. For instance, Sozcu is a representative of leftist nationalist ideology which is harshly against the values AKP represents. Halk TV is owned by main opposition party CHP. BirGun is known for its leftist orientation. However, I do not present a detailed case of these outlets since they are alternative outlets with limited reach.

4.2 Peru

In 2000, 10-year Fujimori government fell in Peru due to the revealing of a large scale corruption scandal. Channel N, an independent cable channel, was the main actor of this reveal. After reaching the data, Channel N had broadcasted videos of Montesinos while bribing a politician. Although getting data on corruption is a difficult task, access to the evidence of Peruvian corruption scandal was possible thanks to meticulous documentation of Vladimiro Montesinos, Fujimori's advisor and Intelligence Service Chief. Although Montesinos himself was the one who is offering bribes, he had audiotaped and/or videotaped 1600 dealings in order to keep track of them, or to use them as a threat against anyone who might turn against him

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[1]Carkoglu and Yavuz (2010) show that partisan alignments of newspapers in Turkey are reflected in the party preferences of their readers. However, supply side matter more because commercialization of media market is at low levels.

or against President Fujimori in case he attempts to fire Montesinos (MacMillan and Zoido 2004).

Fujimori government had bribed judges, politicians and media outlets. However cost of bribing media outlets were by far higher than cost of bribing judges or politicians. As MacMillan and Zoido (2004) state, the total monthly bribe paid to media was around $3 million dollars whereas the amount paid to judges was around $250,000 per month. Bribes received by politicians was also modest compared to bribes given to media: $300.000 per month. Channel 7 was not bribed since it was already state owned. Five other private television channels were bought off: The largest one, Channel 4, received $1.5 million dollars per month for suppressing their news coverage. Channels 2 and 5 were receiving $500,000 dollars each per month. The other two channels, 9 and 13, had relatively smaller viewerships and received bribes in the form of government purchases, deals and judicial favors. All other media outlets, including mainstream ones such as Channel 4, accepted additional bribes in the form of business or judicial favors, or high-ranked positions in state cadres (MacMillan and Zoido 2004).

Only one television channel resisted this system of bribes. Channel N consistently refused bribes and continued to criticize Fujimori's government during its term. Channel N was a small cable channel with a market share of 8%. However, this outlet managed to brought down the regime by igniting resistance in public by airing a video of Montesinos while bribing a politician. A newspaper owned by the same company, El Comercio, also refused bribes. El Comercio was the oldest newspaper in Peru. In contrast to the small market share of Channel N, it had the largest share in the newspaper market in 2001 (Djankov et al. 2003). Both outlets were owned by the Miro Quesadas family. MacMillan and Zoido (2004) explain the situation as follows:

> Some newspapers like La Republica and El Comercio and some magazines like Caretas courageously continued to criticize the government despite being harassed, reporting for example on abuses in the lead-up to the 2000 election. The harassment ranged from libel suits to arbitrary detention to death threats. In an attempt to discredit any journalists who dared investigate the government, the tabloids carried hundreds of stories defaming them with bizarre labels: "a mental midget," "a she devil," "undercover terrorist," "paid coup provocateur." A headline in El Chino proclaimed three journalists "the rabid animals of the anti-Peruvian press."

How could Channel N survive as an independent TV channel? Why Fujimori and Montesinos had not bribed Channel N and El Comercio although they believed in the power of media and reserved a huge budget to control media? MacMillan and Zoido (2004) argue that Fujimori and Montesinos did not bribe Channel N because they underestimated it since it was an expensive cable channel with only 8% of market share.

> While the tabloids read by the majority of Peruvians were mostly under Montesinos's control, it was the more educated and affluent Peruvians who read the independent newspapers and magazines. Montesinos seems to have decided these outlets were not influential enough to be worth bribing. A video shows him saying he was unconcerned. 'What do I care about El Comercio? They have an 80,000 print run. 80,000 newspapers is shit. What worries me is Channel 4... It reaches 2 million people... La Republica can do whatever they want. What is a 20,000 print run?" Also, the owners of El Comercio may have placed so high a value on their reputation as to be incorruptible. Unlike some of the other news outlets, El Comercio was in sound financial health.

Their explanation for El Comercio's independence is that newspaper was a less powerful tool to mobilize people since newspapers had only limited number of readers.

If these arguments are sufficient, then how one could explain other small cable channels that choose to cooperate with the government? How about those newspapers which choose to print news controlled by the government. What is the reason that differentiates El Comercio and Channel N from other cable channels and newspapers? MacMillan and Zoido's argument is not sufficient to explain what is special about Channel N and El Comercio. If the explanation is financial health, we already know that Fujimori government paid large amounts only to the mainstream TV channels, not to cable networks or newspapers.

Moreover, financial health or limited reach explanations are not sufficient to understand motivation to resist harassments.

> "Not all of Peru's media fell victim to official scheming. Independent outlets - the newspapers El Comercio and La Republica, the magazine Caretas, Cadena Peruana de Noticias radio, and cable news network Canal N were at the forefront

in the struggle against the regime, and their reporters were often targets of government harassment. Fujimori's attempts to intimidate the press earned him a place in the Committee to Protect Journalists "Top Ten Enemies of the Press" list in 1999 and 2000 and landed Peru in the Freedom Forum's category of having "no free press" at the same time." (Conaghan 2002)

The owners and workers of these outlets were harassed by the Fujimori government. Fujimori regime arrested journalists, used death threats, and employed torture. Therefore, explaining the stance against Fujimori regime with the scope of these outlets' reach or financial situation is not sufficient.

Another explanation regarding the existence of independent media outlets is that these outlets were consisting of print press while Montesinos and Fujimori had managed to control almost the whole mainstream non-cable television and tabloid press (MacMillan and Zoido 2004, Conaghan 2002). Conaghan describes the situation as follows:

By exploiting the financial and legal headaches of firms and appealing to the avarice of executives, Montesinos pieced together an integrated communications apparatus for the 2000 election. All the wheeling and dealing gave the government a near monopoly of influence over the most important medium in Peru, non-cable television, and almost complete control over the popular tabloid press. In erecting this clandestine network, Montesinos radically shrunk the public space available to the opposition, confining most of its criticisms to the pages of the print press, some radio stations, and the lone independent cable channel Canal N.

However, El Comercio was the newspaper with the largest share in the newspaper market. With its 16% market share it was sold more than the most popular tabloid press (Djankov et al. 2008). If the answer is popularity, the explanation is not sufficient when the most popular newspaper was El Comercio at the time.

The gap in the literature in explaining the existence of independent media in Peru can be filled by the role ideology plays. A further investigation in Peruvian politics may reveal that a previous exogenous ideological diversion between Fujimori government and El Comercio may have played a role in press freedom in Peru.

CHAPTER 5

CONCLUSION

Besley and Prat (2006) study the political economy of media capture. Their model discusses how and when government captures media. The model reveals that independence of media can be ensured when the number of privately owned media outlets and the commercialization in the media market increase. Nevertheless, they do not allow for the role of ideology. In their model, media outlets are homogenous and do not have any ideological attributes. The main contribution of this paper is examining the role of ideology in media capture. The model produces predictions about the proportion of the adversarial media outlets in the market and the effects of their levels of contrariety.

As Besley and Prat (2006) demonstrate, an increase in the number of independent media outlets, an increase in the transaction costs through introducing additional regulations over the media-incumbent relations, and by increasing the commercialization of the media industry, the media capture becomes more difficult for incumbent. This paper adds to the analysis that an increase in the proportion of ideologically adverse media outlets and an increase in their levels of their opposition make media capture harder.

Following the implications of the model, one might ask what factors may protect media outlets who oppose incumbent ideologically. Popularly elected incumbents of new democracies establish close relationships with media bosses. Media outlets owned by holdings with diverse business interests receive privileges in government contracts or benefit from legislations that favor their business interests. Media outlets depend on these transfers tend to remain in the media market. A theoretical and a practical interest here is understanding the ways that facilitate the survival of adversarial media outlets.

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Interviews

Personal interview with Nuri Colakoglu, Dogan Holding executive board member and founder of the news channel of Dogus Holding. Istanbul, November 2015.

Appendix: Proof of Propositions

Proof of Proposition 1

The equilibrium strategies and believes are:

(i) Voters believe $Pr(\theta = g) = 0$ if $s = b$ and $Pr(\theta = g) = \gamma$ if $s = \emptyset$

(ii) Voters re-elect the incumbent if $s = \emptyset$ and they elect the opposition if $s = b$.

(iii) outlet i accepts t_i if and only if $t_i \geq \tau(a + \omega)$, outlet j accepts t_j if and only if $t_j \geq \tau a$.

(iv) The incumbent offers $t_i = \tau(a + \omega)$ to each adversarial outlet and $t_j = \tau a$ to each non-adversarial outlet if: (a) all outlets have observed s=b; (b) $n\beta\tau\omega + n\tau a \leq r$. Otherwise, the incumbent offers 0 to all outlets.

In order to prove that this is the unique pure strategy perfect Bayesian equilibrium in which voters do not play weakly dominated strategies (PSPBEW), we begin with voter behavior.

If $s = b$, voting for the opposition is a strictly dominant strategy. There is not a pure strategy equilibrium within which the voters elected the opposition when $s = \emptyset$. Because in such case the incumbent would not suppress the information and the posterior belief when the voters observe $s = \emptyset$ would be that the incumbent is good. Therefore, they would definetely re-elect the incumbent. Thus, in every PSPBEW the incumbent is re-elected if and only if $s = \emptyset$.

Considering the interaction between the incumbent and the outlet, we show that in every PSPBEW an informed adversarial outlet accepts a bribe which is greater than $a + \omega$ and an informed non-adversarial outlet accepts a bribe which is greater than a. The transfer to adversarial outlet should compensate for the total amount of audience-related revenues in the market and for the potential benefit from the election of opposition. Suppose that there exists an equilibrium in which j accepts an offer strictly below a. In this equilibrium, all outlets are silenced. But, if j rejects the offer, it is the only outlet who delivers informative news. Therefore he gets a: a contradiction. Similarly, suppose that there exists an equilibrium in which i accepts an offer strictly below $a + \omega$. In this equilibrium, all outlets are silenced. But, if i rejects the offer, it is the only outlet who delivers informative news. Voters are informed

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about the true type of the incumbent and the opposition is elected. Therefore i gets $a + \omega$: a contradiction.

This means that in every PSPBEW, the incumbent chooses to bribe and silence media if r is greater than $n\beta\tau\omega + n\tau a \leq r$, otherwise it does not offer a bribe and lets them signal the incumbent's type.

We thus showed that in every PSPBEW, players behave as in the equilibrium discussed in Proposition 1.

Proof of Proposition 2

We have shown in the Proof of Proposition 1 that the incumbent has to give $a + \omega$ to every adversarial outlet, whereas it has to give a to each non-adversarial outlet. However the media outlets will receive a bribe which is divided by the transaction cost. Therefore the cost of adversarial bribe for the incumbent will be $\tau(a+\omega)$ whereas the cost of non-adversarial bribe will be τa. Thus;

$$t_i - t_j = \tau(a + \omega) - \tau a$$

$$t_i - t_j = \tau a + \tau\omega - \tau a$$

$$t_i - t_j = \tau\omega$$

The incumbent should offer a higher bribe to adversarial media outlets.