

The Political Economics of Mass Media: What Have We Learned?

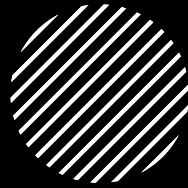
Yrjö Jahnsson Award in Economics Lecture

David Yanagizawa-Drott

UBS Foundation Professor of Economics

University of Zurich

Outline of Talk



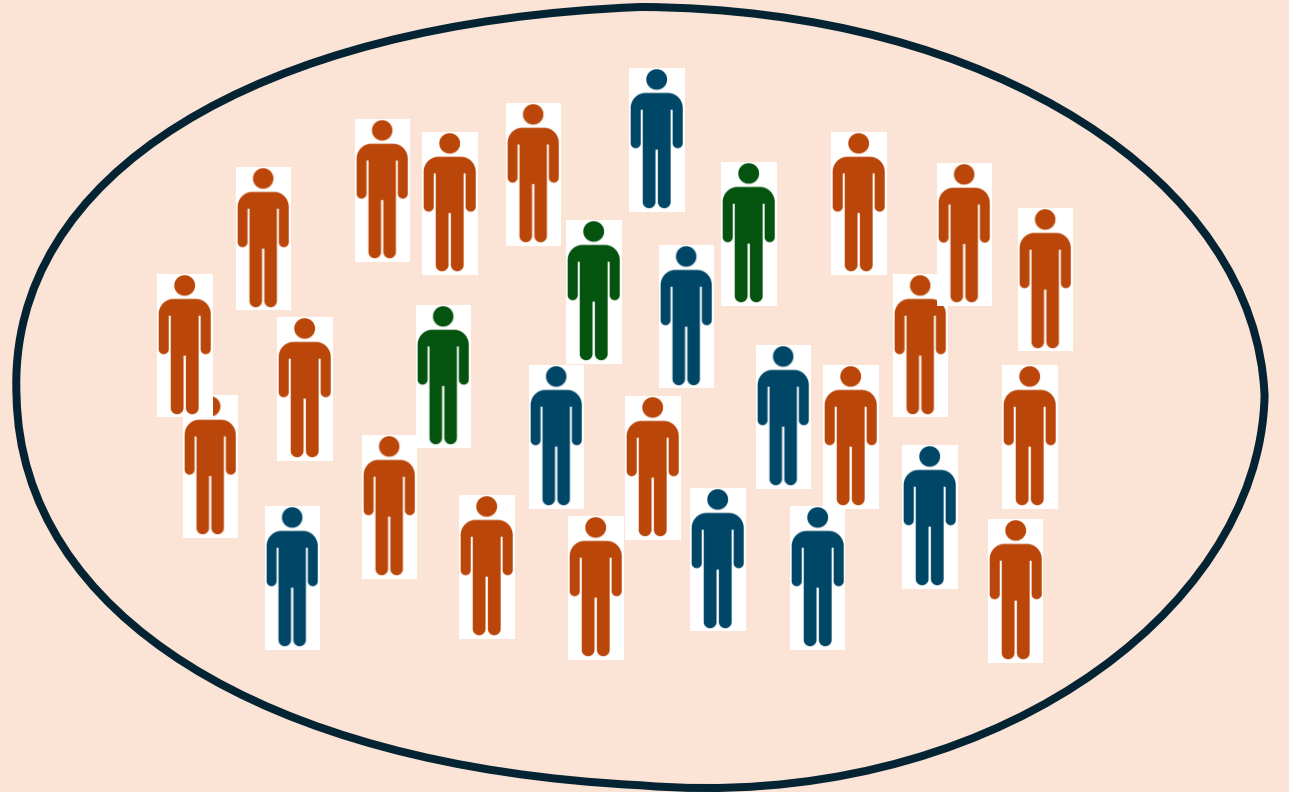
- *Political Economics – What is it?*
- *Mass Media*
 - Theories & Evidence
- *New Technology*
 - Internet
 - Social Media
 - AI
- *What's Next?*

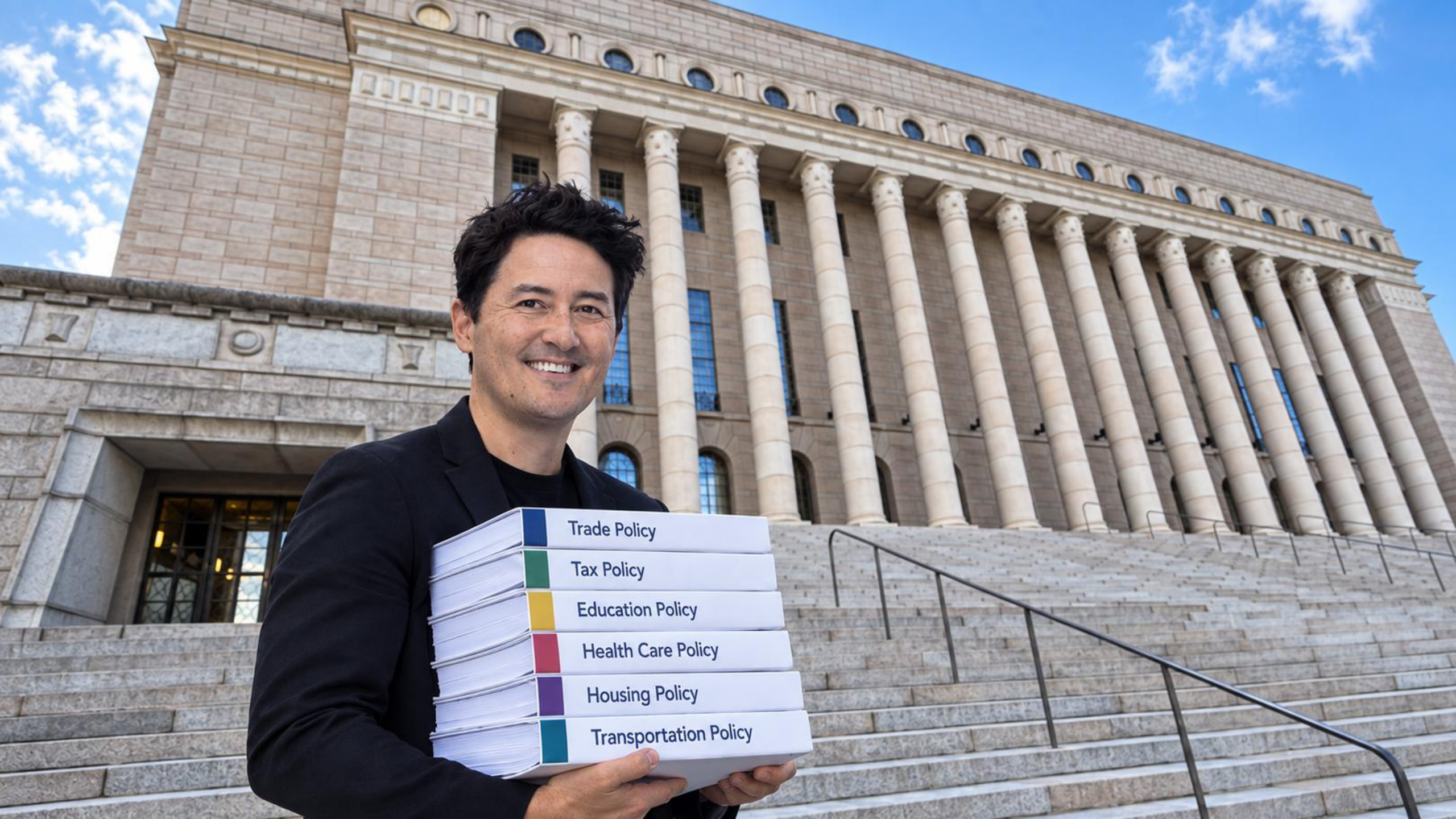
Political Economics – What is it?

(Standard) Economics



The Economy





Trade Policy

Tax Policy

Education Policy

Health Care Policy

Housing Policy

Transportation Policy



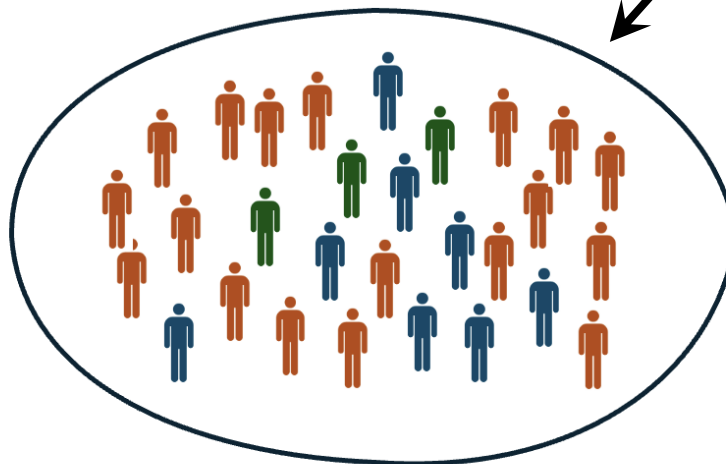
Political Economics



Politicians



Policy



People (Voters)

Question

In your opinion, why wouldn't politicians implement policies that are in the best interest of people?





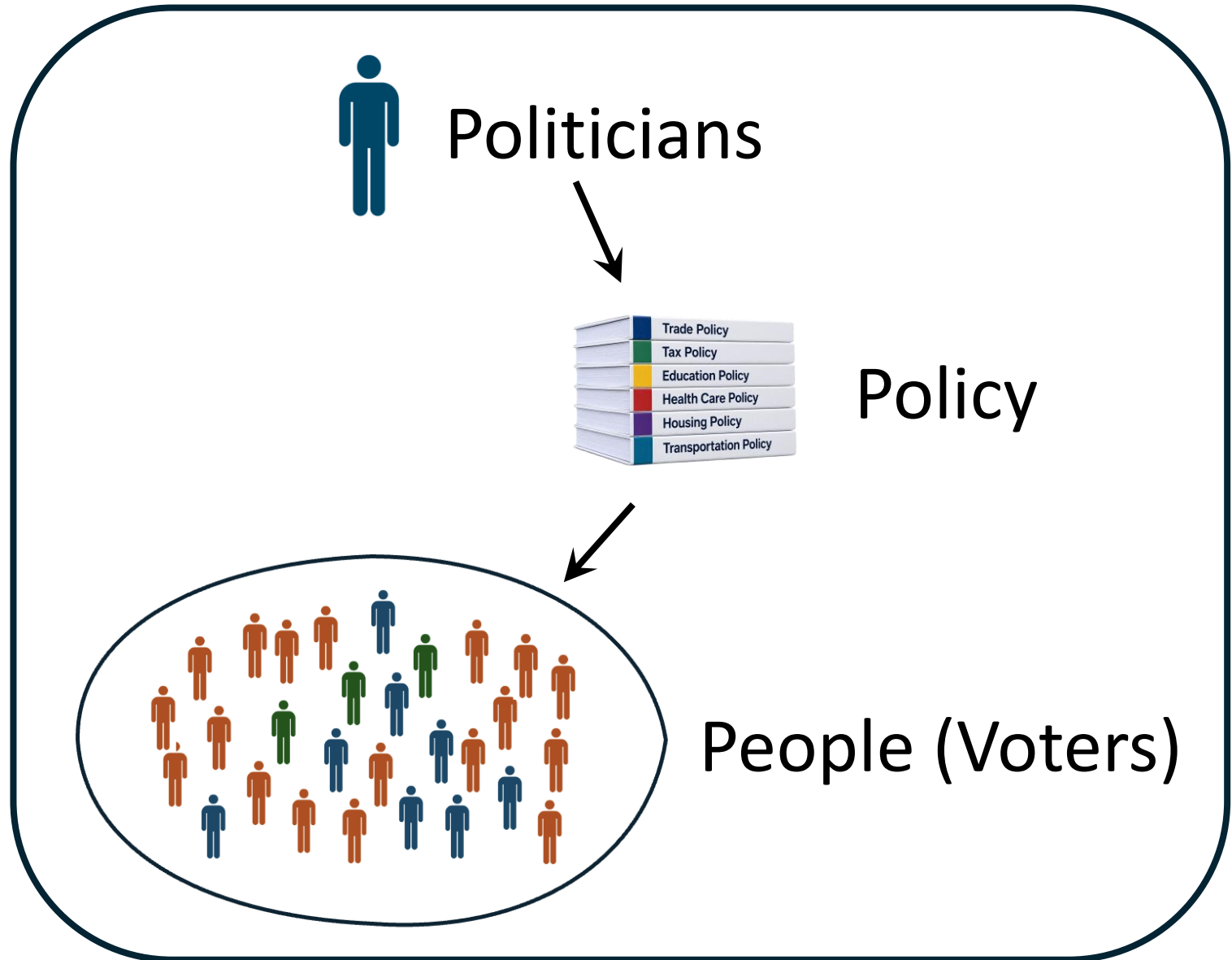
The Role of Mass Media?

yle uutiset

Yle.fi | Elisa: MTV hylkäsi jälleen ehdotuksen MM-loppupelien näyttämisestä suorana

How does mass media affect the equilibrium?

Mass Media



Question

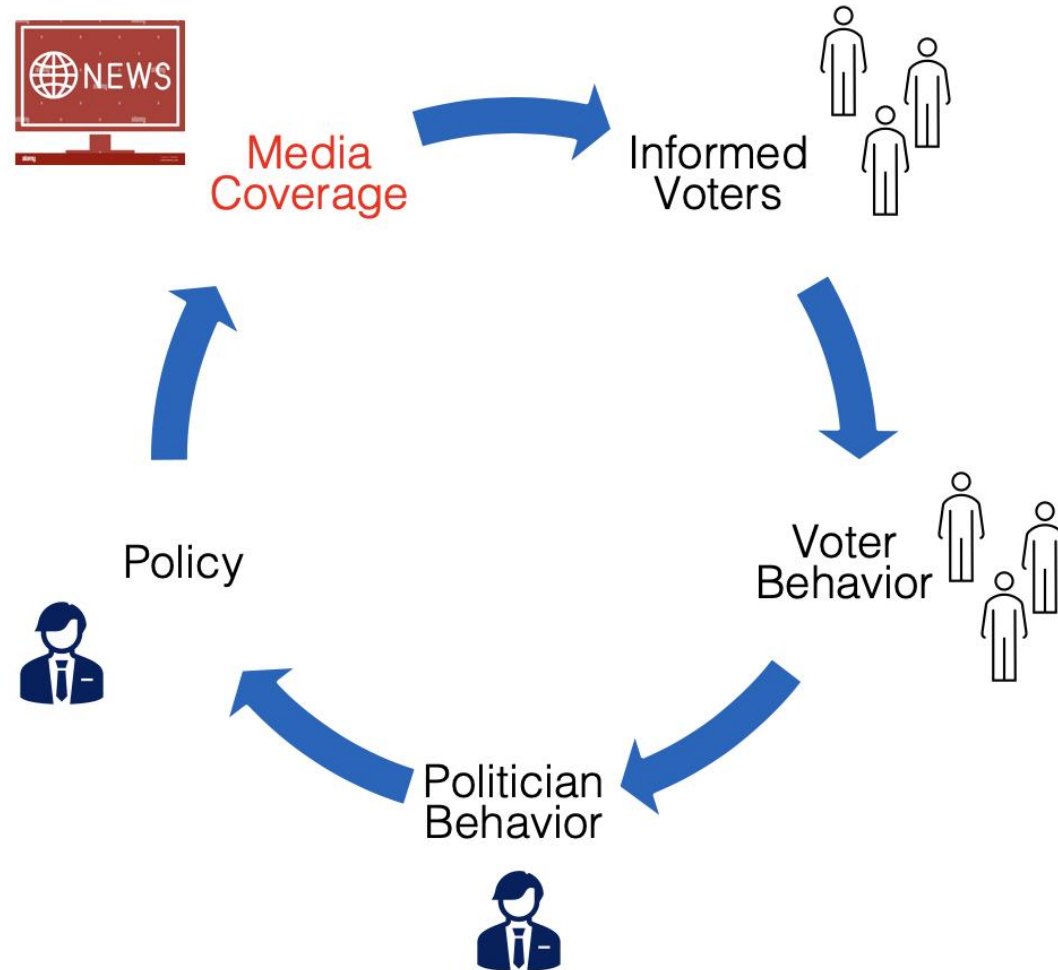
In your opinion, on net, does mass media lead to better or worse policies for most people in Finland?



Theory #1

Mass Media as closing an **Accountability Loop**

The Accountability Loop



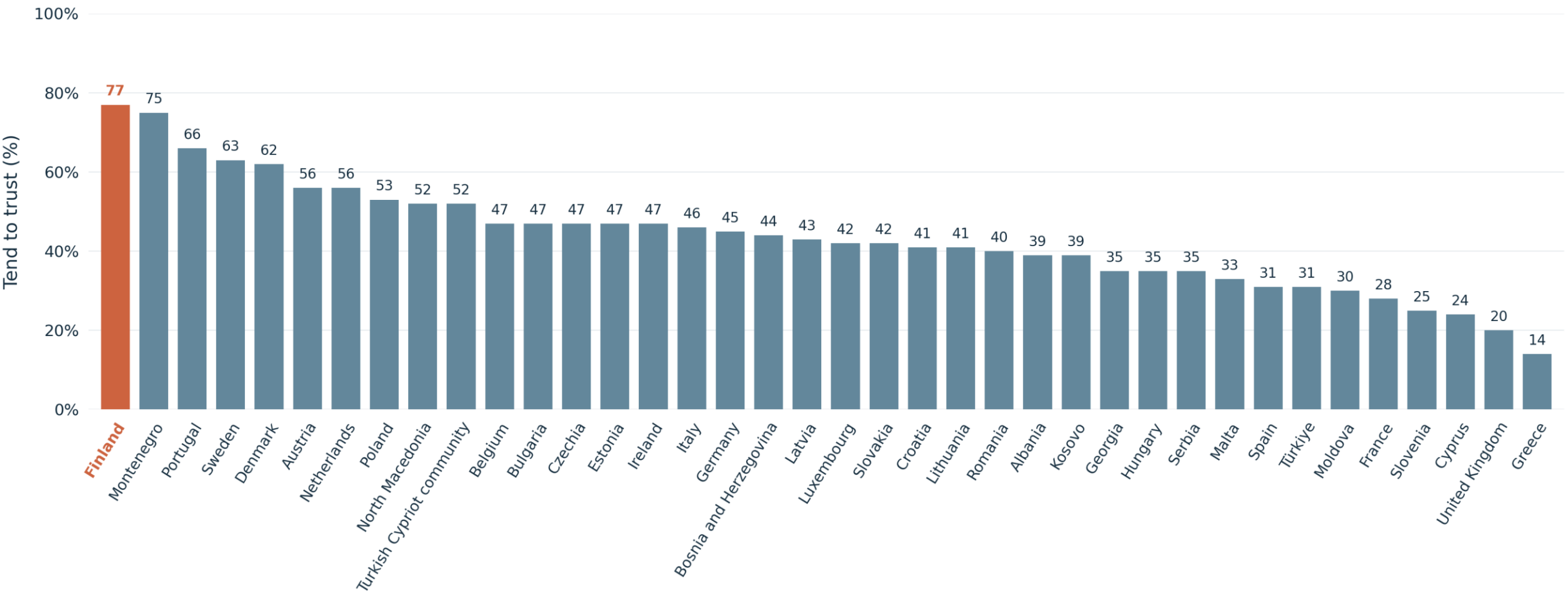
Question

For the most part, do you tend to *trust mass media* in Finland?



Who trusts the media?

Standard Eurobarometer 105 • Spring 2026

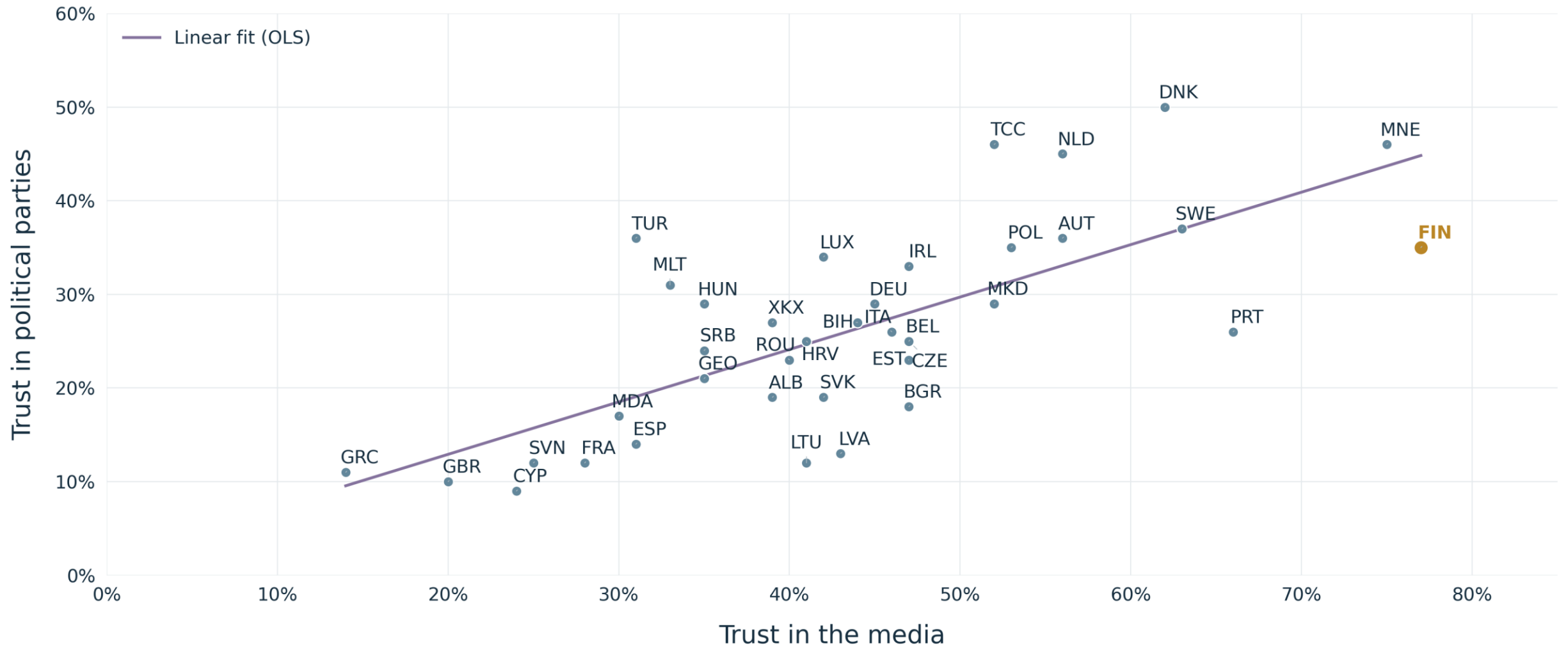


Source: European Commission, Standard Eurobarometer 105, QA6.1; data annex, pp. 67–68.

All 38 country/community entries; regional aggregates excluded. Ties sorted alphabetically.

Trust in media and political parties

Share who tend to trust each institution • Standard Eurobarometer 105, Spring 2026



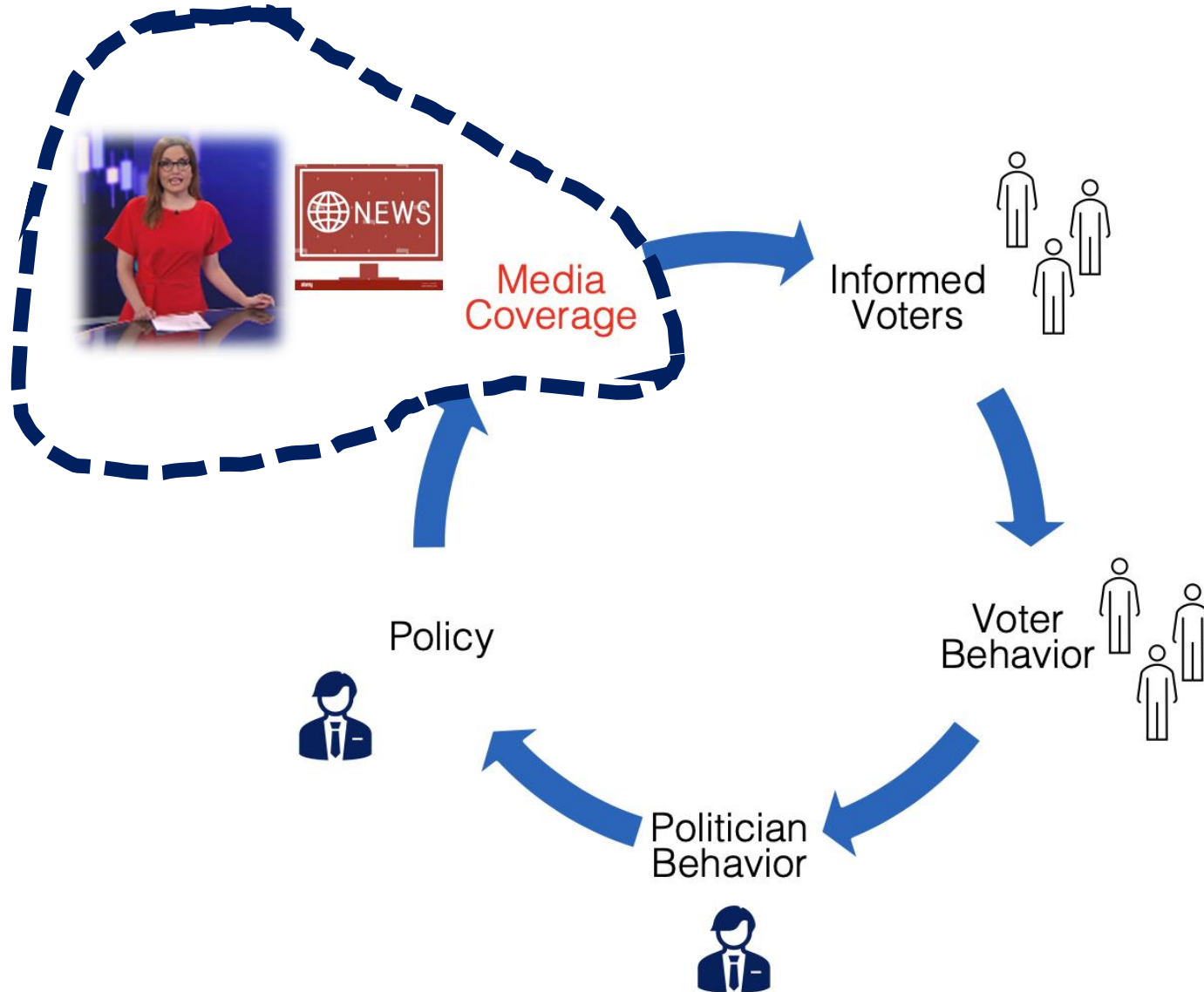
Source: European Commission, Standard Eurobarometer 105, QA6.1-QA6.2; data annex, pp. 67-70.

All 38 country/community entries. XKX = Kosovo; TCC = Turkish Cypriot community. Overlapping points retain separate labels.

Theory #2

Mass Media as a **Persuasion Tool**

What are media owner's goals?



News.

Opinion.

We draw a clear line between news and opinion. The separation between these two independent departments helps ensure impartiality in our news reporting and freedom of perspective in our opinion pieces.

THE WALL STREET JOURNAL.

“We’ve always said that we have strong **opinion** and strong **news**. [...] *You know what you’re getting.*”

- Jay Wallace, Fox News President 2019

Diverging Opinions: A Natural Experiment in February 2020



8 - 9 pm ET



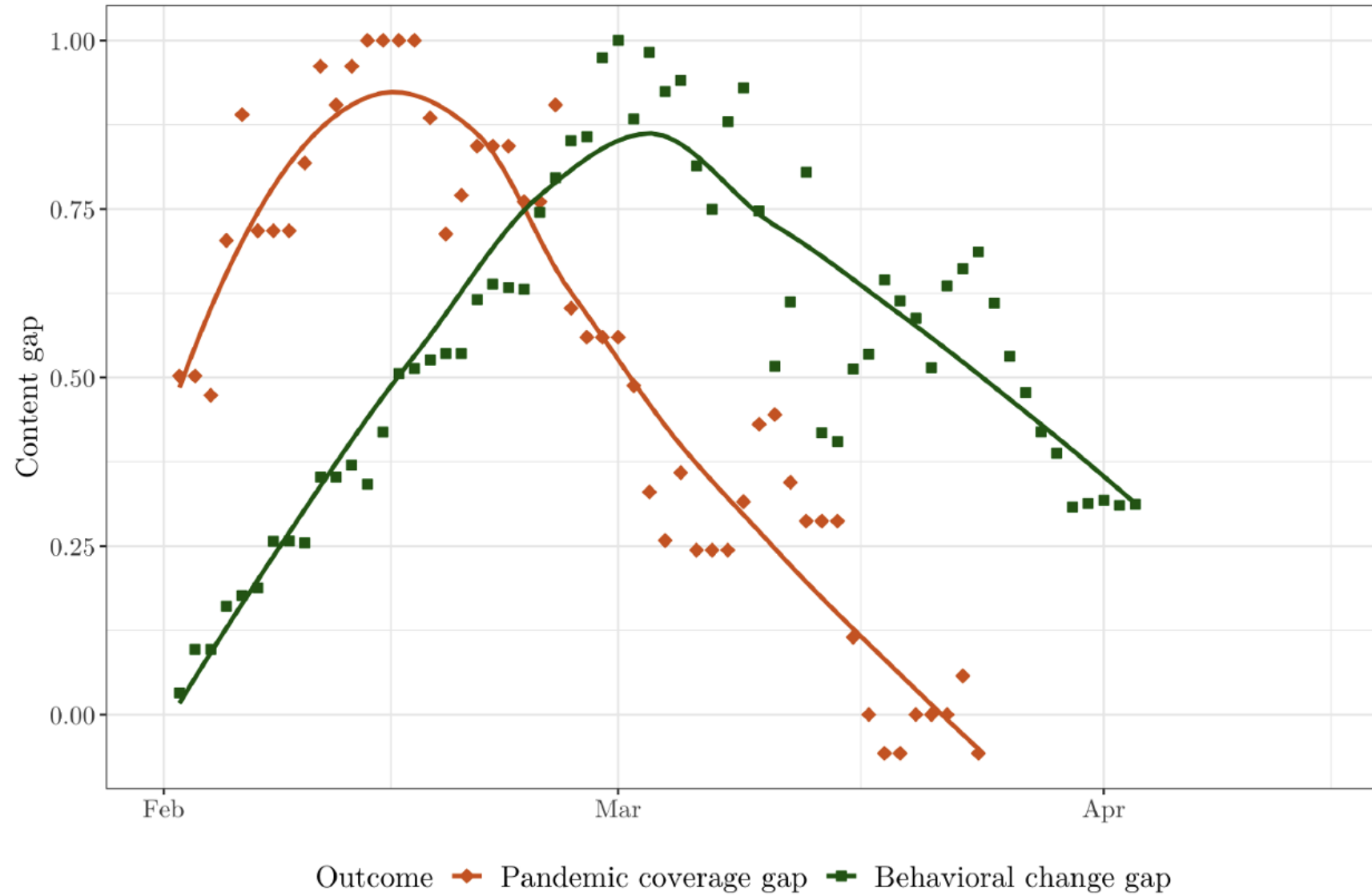
9 - 10 pm ET

IV Methodology: Exposure

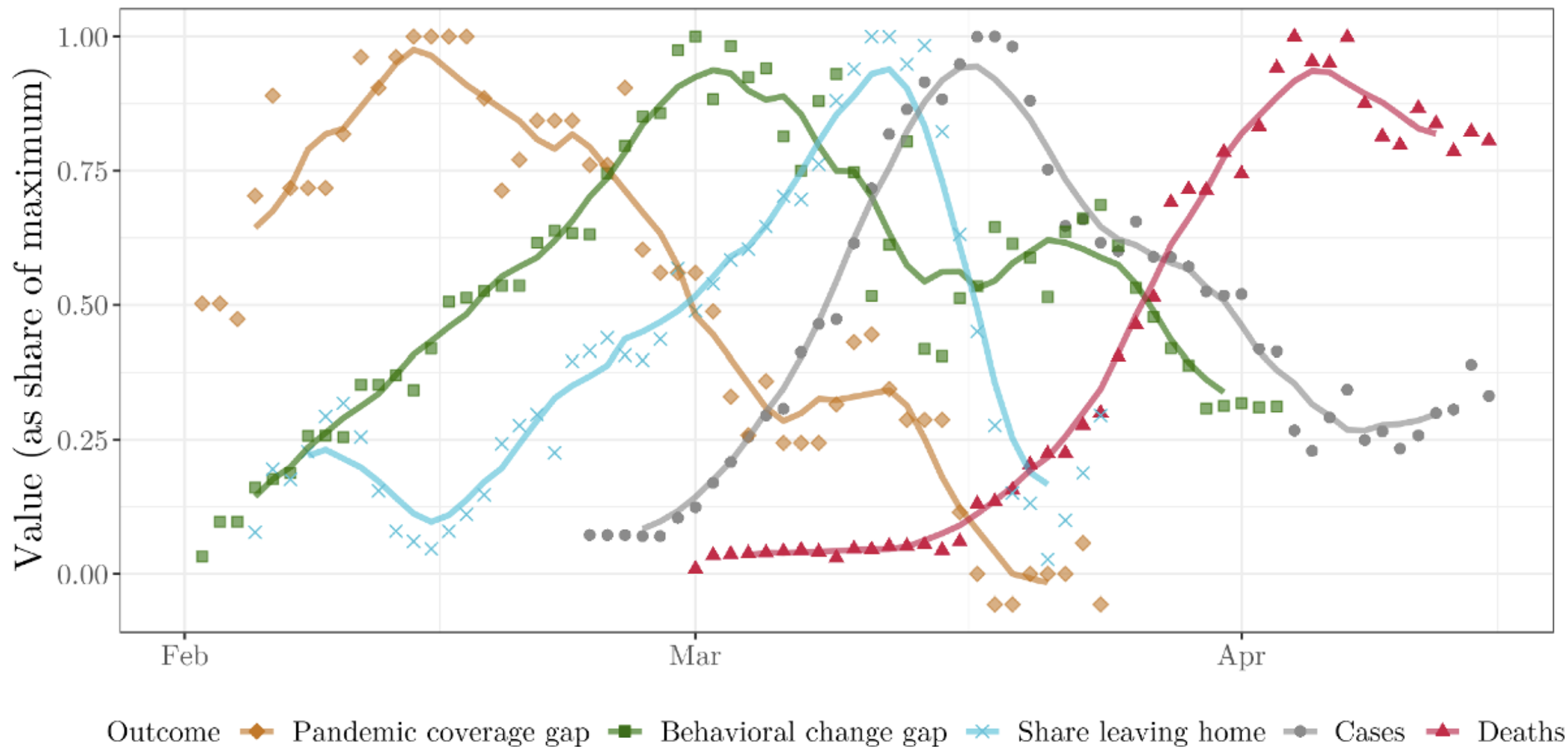
Figure 9: Residualized Hannity-Carlson instrument values



Behavioral change gap



Impacts on Health Outcomes



Take-Away Lessons

1. When reporting **straight news and facts**, mass media acts as an **accountability mechanism**
2. People place substantial **trust in opinion leaders to deliver objective facts** — even as media outlets themselves argue opinion leaders are not claiming to be factual
3. Opinion leaders are powerful in changing behavior, and **can have important consequences** with **major negative externalities**

Open Question: Should media markets be **regulated** to counteract these market forces? If so, under what principles?

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- *Mass Media*

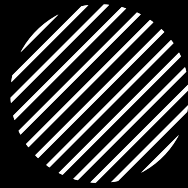
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Thank You!

