

## CAN THE MEDIA BE SO LIBERAL? THE ECONOMICS OF MEDIA BIAS

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### The Challenge to the Presumption of Bias

Many conservatives charge that the national news media exhibit a liberal bias, despite surface appearances of impartiality. Charges of a liberal bias essentially require the existence of a news cartel. Is the structure of the news industry capable of sustaining a cartel? A liberal news cartel requires collusion among news organizations and constraint of maverick outlets. Cartels are always vulnerable to defection. Indeed, many critics who accuse the media of a liberal bias are likely skeptical of the ability of businesses to maintain stable cartels without government assistance. Competition usually forces firms to cater to their customer's preferences. Yet critics allege that all major national news organizations present the same biased coverage, which is more liberal than the median voter. A liberal media represents a failure in the news market.<sup>1</sup>

The documentation of media bias has become something of a cottage industry since Edith Efron's (1971) pioneering study. Critics accusing the media of either a liberal or conservative bias make use of surveys of working journalists, content analysis of stories covered, and anecdotes about stories killed or not pursued to make their case.<sup>2</sup> But a conclusive measure of political bias in the news has been elusive. That the Media Research Center and Fairness and Accuracy in Re-

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<sup>1</sup>Charges of liberal bias typically concern the national news media, including the television networks, the major weekly newsmagazines, and leading papers like the *New York Times* and *Washington Post*. These organizations comprise only a portion of the news industry. Other portions of the industry, notably talk radio and local newspapers, have been accused of a conservative bias. Liberal bias in the national news market is of concern since the national media have a greater impact on the political agenda than these other outlets do.

<sup>2</sup>See Bozell and Baker (1990) and Baker (1994) for a sample of the types of evidence of liberal media bias.

porting respectively point to the same news as demonstrating liberal and conservative biases indicates that we lack such a measure. Unfortunately, we cannot simply “test” the news and determine once and for all if a liberal bias exists.<sup>3</sup> I adopt a different approach here. I do not attempt to document the existence of news bias. Rather, I ask what might generate and sustain a liberal news media. If we cannot measure bias directly, we should consider the conditions for its survival and whether the news industry meets these conditions. The parallel is the economist’s approach to market power. Monopoly power can be difficult to measure directly. A firm with market power must face little current or potential competition. A successful cartel requires entry barriers and a mechanism to prevent defection by member firms. Economists will likely reject charges of monopoly power in a contestable market, one with small sunk costs.<sup>4</sup> Scholars attempting to document liberal bias have not asked questions of this type.

Specifically I consider three questions concerning the liberal media charge. First, is the source of bias on the demand (news consumer) or supply side of the news market? Two potential supply-side sources can be distinguished, owners and journalists. Although owners have used their news organizations to further their favored political causes, corporate ownership of the media makes this less likely. Proponents of the liberal bias charge place great weight on the numerous surveys concerning journalists’ personal political views and voting patterns, which suggests employees as the likely source of bias.

Biased news will alienate many potential customers with centrist or right-of-center views. A smaller audience reduces advertising revenues and profit. The second question then is, why do profit-maximizing owners allow their reporters to indulge their liberal views at the organization’s expense? Professionalism gives journalists considerable leeway to set standards for the quality of their product. But if journalistic independence and professionalism only hurt the news organization’s bottom line, owners could eliminate such independence.

<sup>3</sup>Documentation of bias requires considering the impact of normal incentives and procedures on reporting. Washington reporters seek access to inside sources due to competition for stories. Reporters and sources engage in a repeated game, so mutual cooperation is likely to evolve; hostile reporters could see their administration sources dry up. If we observe reporters not being critical of a Democratic administration, the behavior may not be a result of bias.

<sup>4</sup>Although claims of both a liberal and conservative bias in the media must face these types of questions, this paper focuses on potential pitfalls of a liberal news cartel. Sutter (2000) considers the charge that corporate ownership and advertising creates a conservative, pro-business bias in the media.

The third question concerns entry of conservative news organizations into the market to undercut the liberal cartel. Entry could involve a change in programming at an existing organization, or creation of a new organization. If all current organizations present liberal news, a single right-of-center organization would have half of the political spectrum to themselves. The only conservative firm in a liberal-dominated market could likely draw larger audiences than possible as a member of the cartel. A liberal news cartel creates a profit opportunity for a news organization willing to listen to the conservative critics.

The probability of sustaining a news cartel diminishes as the number of firms in the market increases. Technology, and to a lesser extent regulation, have combined to keep the number of news organizations of any one type in the national news market relatively small. Until about 20 years ago there were basically only the three television networks, two weekly magazines, and perhaps four newspapers in the national media market. All but a handful of cities had only one daily newspaper and the three network affiliates with news operations; even multi-paper cities have only two or three dailies. As cable television, satellite printing, and the Internet increase the number of news organizations in a truly national news market, the profit incentive for product diversification will become overwhelming. I conclude that the conditions for sustaining a news cartel, while tenuous in the past, will vanish in the near future. The news industry will almost certainly feature organizations catering to a range of political perspectives.

### Sources of a Liberal News Cartel

We require some means of defining the existence of bias in the news. Bias cannot merely be in the eyes of the beholder, because each of us would like news stories to confirm the validity of our views. Consequently, I apply the spatial model of politics to the news media's product.<sup>5</sup> The most reasonable way to define bias is relative to the views of the median voter. A liberal news organization would be located to the left of the median voter. And the deviation from the median voter's position must be nontrivial for bias to be a policy issue of significance.

I do not consider here the details of classifying a story or locating

<sup>5</sup>On the spatial model see Downs (1957). Goff and Tollison (1990) and Endersby and Ognianova (1997) have previously applied the spatial model to the political content of the news media.

an organization on the spectrum based on their many stories.<sup>6</sup> A question of relevance, though, concerns charges of bias in the news media as a whole. Must all organizations share the same partisan orientation for the media to be biased? Or is the mean or median of organization positions the appropriate measure? Operation of the marketplace of ideas requires only that all views get a hearing before the court of public opinion, which suggests bias adversely affects this market only if it extends across all organizations. A situation where most organizations exhibit a left-of-center bias but at least one is located to the right of the median voter can result from product differentiation and a majority liberal audience. The rejection by citizens of partisan views of either the left or right does not represent inefficiency in the transmission of political views. As a practical matter, conservative critics charge that all the major news organizations share the liberal bias. Bozell and Baker (1990), for instance, do not attempt to make fine distinctions between the bias of the television networks. Consequently, I will assume that liberal news bias involves all the major national news organizations offering a product which deviates significantly from the median voter.<sup>7</sup>

If all news organizations must offer essentially the same left-of-center news to validate the critics' charges, then the liberal media charge requires a news cartel. Typically economists describe a cartel as restricting output to raise price and generate supra-competitive profits. Advertising is the dominant source of revenue for news organizations, so the media are not trying to raise the price they charge to customers (readers and viewers). Yet if all organizations supply left-of-center news, customer preferences are not being fully satisfied. Furthermore, a cartel is subject to defection by member firms; a firm can increase its sales and profits at the others' expense by lowering its price.

The following example illustrates that a liberal news media can be reasonably described as a cartel. Suppose for simplicity we distinguish

<sup>6</sup>Every organization runs many stories which will likely exhibit different points of view, and many stories will lack any partisan content. An organization may be located based on a measure of central tendency (the median or mean story) or a measure of dispersion (variance or extreme stories). Different measures may produce different evaluations of an organization. I require only that some means of locating organizations exist.

<sup>7</sup>Bias across a majority of organizations can affect policy outcomes. Suppose the median voter's preference helps determine policy outcomes. If two out of three television networks exhibit a liberal bias and voters likely to be influenced by bias are evenly distributed across the three networks, the median voter will end up more liberal than otherwise. Political parties trying to win elections would understandably be concerned about bias that changes even 1 or 2 percent of votes.

three positions on the political spectrum: liberal, moderate, and conservative. Each consumer has a preferred position on this spectrum; for concreteness, let there be 300 moderates, 150 liberals, and 150 conservatives in the audience. Each news organization must adopt a position on the political spectrum for their news coverage. Consumers patronize the organization whose news coverage comes closest to their personal views; conservatives will choose the conservative outlet if one is available. A group of consumers divides equally among the competitors if two or more news organizations offer the closest match. Assume that all consumers consume news, even if their favored news is not provided.

One news organization, under these circumstances, could locate anywhere along the political spectrum and attain an audience of 600. A liberal news monopoly is not implausible. Suppose two or more organizations exist. If all organizations provided liberal news they will split the market, which is the same result as if all organizations provided moderate news. Yet a liberal news cartel is unstable. When two firms participate in a liberal cartel, each organization has an audience of 300. But one firm increases its audience to 450 if it shifts its news location to moderate, since it captures all the moderate and conservative news consumers. Firms have an incentive to defect from a cartel as the number of organizations increases. With two or three firms we would expect convergence to the middle; all organizations would provide moderate news and split the market. Once four firms were in the market, product differentiation could result: two firms with moderate news, one liberal and one conservative organization, each with an audience of 150. Although a firm might then present liberal news, a uniform liberal news media does not result. Given the nature of the strategic problem the affected firms face, we can reasonably characterize the liberal media charge as requiring a sustainable cartel.<sup>8</sup>

What is the source of bias? Political bias in the news media has three potential sources. On the demand side, a disproportionate number of consumers of the news might have liberal views with the news media merely providing the product their customers demand. Indeed, a demand side explanation does not imply market failure. Ei-

<sup>8</sup>The exact outcome in models of this type depends on the assumptions made (Owen and Wildman 1992: 64–100). Allowing audience members not to consume news if no organization provides their most preferred news product would strengthen the incentive for a single firm to provide moderate news. Also a liberal cartel might have a smaller total audience than a moderate cartel. The difficulty of maintaining a liberal cartel would still result.

ther owners or journalists could also be a supply-side source of biased news. A supply-side source of liberal bias would constitute a market failure, and raises the question of intentionality. Is the liberal media part of a conspiracy? A supply-side explanation of bias must address the stability of the liberal news cartel.

## Viewers and the Media

The set of news consumers may differ from the set of voters. If liberals constitute a disproportionate percentage of news consumers, the median voter may regard the news media's programming as liberal. Yet the media are simply responding to their customers' preferences. News organizations serving their median customer will appear liberal from the perspective of the entire electorate. A demand-side explanation does not imply that the news market fails.

Clearly, this is an empirical claim. Some evidence suggests that news consumers may be more liberal than voters. Robert Entman (1989: 141–43) provides evidence (drawn from the Michigan Current Population Survey) that nonvoters are more liberal than voters, which implies voters are not a representative sample of the population. Newspaper and newsmagazine subscription rates increase with education, and surveys typically show college graduates are more liberal than the population as a whole. Brian Goff and Robert Tollison (1990) show that newspaper circulation per capita across states increases with a measure of the liberalness of state voters. The available evidence, however, is far from conclusive in establishing news consumers as a source of bias.

Two important caveats apply even if the median news consumer were demonstrably more liberal than the median voter. First, not all viewers are to the left of the median voter. News organizations will engage in product differentiation when profitable. If the majority of news consumers are located to the left of the median voter, this might explain why most news organizations provide liberal news. But all organizations must locate left of the median voter to explain the liberal media. The audience must be quite skewed for profit-maximizing news organizations to all provide liberal news. Suppose we increase the proportion of consumers with liberal views in the previous model of program choice. If three organizations exist, 400 of the 600 consumers must be liberal so that no organization wishes to provide moderate news. The degree of divergence from the voting population required increases with the number of media organizations. With four news organizations at least 450 of the 600 consumers must prefer liberal news to sustain a liberal news cartel.

Second, even if we establish that the media and its viewership are left-of-center, this correlation does not determine the direction of causality. A demand-side explanation assumes that causality runs from audience to programming, that liberals disproportionately consume news and the media provide the product they demand. But causality could easily run in the other direction: the media's liberal bias could alienate conservatives, producing over time a liberal audience. For causation to run from programming to audience, a potential viewer's news consumption decision (versus other forms of entertainment) must depend upon the product's partisan bias. In the context of the model of programming choice, conservatives must choose not to consume liberal news if conservative (or moderate) news is not offered. Certainly most people would prefer news which conforms with and reinforces their political beliefs, and should turn away from news which challenges these beliefs. I am considering a liberal national news market. Given the other sources of news, like local newspapers or television, disaffected conservatives might stop watching. A liberal news media could produce a liberal audience.<sup>9</sup> Because of the difficulties in explaining a news cartel based on a liberal audience, I turn now to supply-side explanations.

### Bias in Ownership

Economists typically assume firms maximize profit, but owners as consumers wish to maximize utility. Utility maximization does not necessarily mean profit maximization since some amenities can be more easily acquired in production than through the market. Owners will generally be willing to trade some profit for other goals. Media owners can use their news organizations to advance their favored political causes. Owners' ideology is a potential supply-side source of bias in the media.<sup>10</sup>

Clearly many media owners over the years have been strongly identified with political parties or causes and used their organizations to achieve these goals.<sup>11</sup> Henry Luce, founder of *Time*, remarked of his magazine's coverage of the 1952 presidential election: "Eisen-

<sup>9</sup>Of course, if we had a measure of media bias, we could examine the causality issue directly.

<sup>10</sup>Media owners might also desire a large and activist government as a means of increasing demand for their product (Crain and Tollison 1997). The gains from such a strategy will likely be remote and modest, since rational ignorance limits citizens' demand for political information. I focus on ideological consumption by owners.

<sup>11</sup>Prior to the rise of commercial media (the penny press) many newspapers were supported by political parties. I am concerned with the use of commercial media for political purposes.

hower was right for the country for a large number of reasons, therefore, it was *Time's* duty to explain why the country needed Ike. Any other form of objectivity would have been unfair and uninvolved" (quoted in Halberstam 1979: 59). The Chandler family for many years ran the *Los Angeles Times* to benefit their favored (mostly Republican) candidates. Today media moguls Ted Turner and Rupert Murdoch are known for their strong and contrasting political views.

The political views of owners provide weak grounds for a liberal news cartel. The problem is not that owners will never sacrifice profits for political goals; many instances of this abound. Rather, all media owners must be willing to sacrifice profits for liberal political goals to sustain a news cartel. This assumption is open to two objections. First, although examples of liberal media owners can be found (Philip and Katherine Graham, Ted Turner), more often prominent media organizations have been used by owners to advance conservative causes. Many owners notable for their political views have right-of-center views: Luce of *Time*, Chandler of the *Los Angeles Times*, William Paley of CBS, and Robert McCormick of the *Chicago Tribune*. Proponents of the liberal media proposition have not established convincingly that all media owners are liberal.<sup>12</sup>

Second, contending that all media owners trade profits for liberal political goals clashes with evidence that profit maximization is an increasingly important goal for the media and the changing structure of media ownership. While we lack an objective measure of concern with the bottom line across organizations or over time, increased emphasis on profits following the acquisition of a newspaper or television station by a media conglomerate is a familiar refrain (Bagdikian 1997, Underwood 1993). The tendency of some media scholars to equate cost-cutting measures with profit maximization confuses matters; a news organization may pursue profits by offering a high-quality product. Cost-cutting does not demonstrate *increased* emphasis on profit maximization, only perhaps a change in product offered. Nonetheless, most close observers of the media report a growing emphasis on the bottom line. And surveys of journalists report a perceived increase in emphasis on profit margins by management (Underwood 1993: 117–26, Weaver and Wilhoit 1996: 60–67). Unless these observations are entirely off the mark, owners must be less willing to trade profits for political goals now than in the past.

The growth of corporate ownership of the media strengthens the case for increased emphasis on profit as a goal. Newspapers in the

<sup>12</sup>Bozell and Baker (1990: 86–98) present evidence concerning the giving patterns of media organizations' charitable foundations.

United States typically began as family-owned businesses, but the inheritance laws forced the sale of or issuance of stock by most of these companies (Lacy and Simon 1993, Bagdikian 1997). The growth of newspaper groups has been substantial. In 1920, 31 groups owned 7.5 percent of the nation's daily newspapers. By 1986, 127 groups owned 69.9 percent of daily papers. In addition, the size of groups increased, from 4.9 papers per group in 1920 to 9.1 papers per group in 1986. Gannett, the largest newspaper group, owned 90 daily papers in 1986 (Lacy and Simon 1993: 132–33). The growth of corporate ownership has occurred in other media as well, highlighted by takeovers of all three major U.S. television networks in the 1980s.

Media outlets are also increasingly owned by widely held public corporations in contrast to family-owned or narrowly held corporations. The breadth or concentration of ownership affects the likelihood of pursuit of goals other than profit maximization. Consensus on goals *besides* profit is more likely with a narrowly owned family business than with thousands of stockholders. Profit is a goal which everyone who invests in a business can agree on. Other goals are far less general. Even if all stockholders agree news organizations should champion causes, they will disagree about *which* causes to champion: environmental protection, the labor movement, protection of property rights, school choice, and so on. Some stockholders might desire a liberal bias and some a conservative bias, and others not interested in politics will wish to pursue only profit maximization. Harold Demsetz and Kenneth Lehn (1985) show that media companies have more concentrated ownership and more family ownership than other types of firms. Demsetz and Lehn argue that the amenity potential of media firms (that they can be used to influence public opinion) explains their concentrated ownership. Nonetheless, their evidence suggests that an exogenous decrease in the concentration of media ownership should produce less consumption of amenities and more emphasis on profit.

### Liberal Journalists and Media Bias

Journalists themselves are a second supply-side source of bias. Charges of a liberal bias in the news place great weight on surveys revealing the liberal views of a majority of journalists. The survey evidence is consistent and strong. In Robert Lichter, Stanley Rothman, and Linda Lichter's (1986: 20–53) 1979–80 survey of journalists at elite media organizations, 54 percent of respondents identified themselves as left-of-center, versus 17 percent right-of-center. The journalists who voted for a major party candidate in presidential elec-

tions between 1964 and 1976 overwhelmingly went for Democrats: Lyndon Johnson 94 percent, Hubert Humphrey 87 percent, and George McGovern and Jimmy Carter 81 percent each. David Weaver and Cleveland Wilhoit (1996: 15–19) in 1992 found that 47.3 percent of journalists identified themselves as left or left-leaning versus 21.7 percent right-of-center. In terms of party affiliation, 44 percent identified with the Democrats versus 16 percent Republicans and 34 percent Independents. Of the Washington journalists surveyed by Stephen Hess (1981: 87), 42 percent identified themselves as liberal versus 19 percent conservative.<sup>13</sup>

How did the journalism profession come to be dominated by liberals, and how is this domination maintained? An established partisan bias can be sustained through self-selection. The costs of membership in the organization for individuals with dissenting viewpoints can be extremely high. Colleagues will make statements about politics at the water cooler, on breaks, and at lunch which dissenters find objectionable. Saying nothing in response often involves a psychic cost, while responding brings potential social sanctions (Kuran 1995). A bias in the topics of media coverage provides dissenting individuals with inherently disconcerting assignments. Dissenters bear a higher cost of putting aside their feelings to do the story and do it well, and failure to do so results in lower quality job performance. Dissenters will tend to quit at a higher rate and have lower job performance, as measured by supervisors sharing the organization's dominant values. Lower performance leads to a higher probability of dismissal and lower probability of promotion or desirable future assignments. And dissenting individuals might come to adopt the organization's dominant viewpoint, not out of strategic considerations but because of belief plasticity (Klein 1994). Individuals with the dominant view will find a career in the media more rewarding, and are more likely to invest in the training necessary to enter the field.

This leaves unresolved the establishment of bias. One possible answer could be the joint distribution of journalistic talent and political views across the population. People with the talent, temperament, and personality to be journalists might also be inclined toward liberal political causes:

Now the thing that God puts in a man that makes him a creative person makes him very sensitive to social nuances and that sort of thing. And overwhelmingly—not by a simple majority, but over-

<sup>13</sup>Of journalists in the Brookings survey, 51 percent agreed that the Washington press corps had a political bias. Of those who believed a bias existed, 96 percent perceived a liberal bias versus 1 percent perceiving a conservative bias (Hess 1981: 87).

whelmingly—people with those tendencies tend to be on the liberal side of the spectrum. People on the conservative side of the political spectrum end up as vice presidents at General Motors. . . . If you go out and put together a television news department, and you hire people purely on the basis of their ability with no regard whatever for their ideology . . . and you put together 200 men you are quite likely to end up with 175 men who would be quite proud to call themselves liberal [quoted in Keely 1971: 51].

This argument rests entirely on the empirical nature of the distribution of talent and ideology in society. The predominance of liberal political views in Hollywood and the arts does lend some credibility to the premise. Relative opportunity costs can also explain career choices. Individuals who strongly object to the current socio-economic order will find it difficult to justify to themselves the pursuit of wealth and personal goals through the system. A job which allows one to work toward changing the system, in however modest a fashion, provides higher nonpecuniary benefits for such a person. Journalists are intellectuals, a class long dominated by individuals hostile to business.

A third source of biased journalists lies in the screening function played by journalism schools which train an increasing fraction of reporters, particularly at leading news organizations.<sup>14</sup> As long as news organizations require the acquisition of these credentials, journalism programs choose the set of candidates available to employers. Surveys reveal that journalism students have even more pronounced liberal views than working journalists. Indeed, in 1982, 85 percent of Columbia Graduate School of Journalism students identified themselves as liberal, versus 11 percent conservative (Lichter, Rothman, and Lichter 1986: 48). Faculty could conceivably gear the curriculum to attract students with liberal leanings and repel young conservatives. Selection could extend to grades and recommendations.<sup>15</sup>

## Journalists versus Owners in the Production of News

Conservative critics typically see the survey evidence, supported by some content analysis, as settling the issue. Objectivity in reporting is impossible; reporters cannot abandon their worldview in attempting

<sup>14</sup>In 1992, of the working journalists surveyed by Weaver and Wilhoit (1996: 35), 82 percent had at least a four-year college degree, and 11.4 percent had a graduate degree. Furthermore, 40 percent of the journalists with college degrees had majored in journalism.

<sup>15</sup>This impact need not involve conscious discrimination on the part of professors. Students who find a course interesting tend to work harder and do better. And professors tend to provide a higher evaluation of the abilities of protégés.

to report on daily events. Examples of intentional bias, such as slanting stories to advance their views given the constraint of surface neutrality, are rare (see Efron 1971 for some examples, though). More generally, advocates of the liberal media hypothesis argue that bias is unintentional and unavoidable. Liberal reporters may simply know more liberal sources and find their explanations of events more persuasive. As Bozell and Baker (1990: 3) note:

But though bias in the media exists, it is rarely a conscious attempt to distort the news. It stems from the fact that most members of the media elite have little contact with conservatives and make little effort to understand the conservative viewpoint. Their friends are liberals, their sources are liberals, what they read and hear is written by liberals.

The surveys establish though only an inherent tendency in journalists' reporting, if unchecked. Media owners and their agents (top editors and producers) could take steps to prevent journalists' personal views from biasing their reporting to prevent the content of news from being liberal. Critics of the liberal media proposition point to the incentive for the major news organizations to push their owners' conservative, pro-free-market politics.<sup>16</sup> The critics on the left properly point out a weak link in the liberal media argument. I believe, however, that these critics misidentify the media owners' motive for controlling journalists. Corporate media owners will be more interested in maximizing profits than pushing a political agenda. Being a member of a liberal news cartel costs individual media organizations (and perhaps the industry as a whole) potential profit. Corporations will try to control liberal journalists if liberal news reduces profit. Proponents of the liberal media thesis must explain why media owners fail to control their employees. Owners apparently are content to let journalists indulge their liberal views at the expense of the organization's profit.

A conflict of interest between employers and employees does not

<sup>16</sup>As Hertzgaard (1988: 85–6) puts it:

The deeper flaw in the liberal-press thesis, however, was that it completely ignored those whom journalists worked for. Reporters could be as liberal as they wished and it would not change what news they were allowed to report or how they could report it. America's major news organizations were owned and controlled by some of the largest and richest corporations in the United States. These firms were in turn owned and controlled by individuals whose politics were, in general, anything but liberal. Why would they employ journalists who consistently covered news in ways they did not like?

For other examples of this argument see Bagdikian (1997), Parenti (1986), and Kellner (1990).

imply that workers will get their way. All owners want their employees to exert effort to achieve the organization's goal (profit). Effort is costly for employees to exert, and owners are residual claimants for (at least most of) the company's profits. Employers, though, have a number of methods of controlling shirking by employees. Firms can design employment contracts to overcome the principal-agent problem.<sup>17</sup>

The question for the liberal media thesis then becomes why control of employees might be more of a problem for news organizations than other businesses. The nature of journalism provides a possible answer. Journalism is a profession; reviewing performance and detecting shirking requires a significant level of professional expertise. Professionalism creates certain standards that must be met in choosing sources and presenting a story. Only someone familiar with these standards can criticize a journalist's performance (detect shirking). Objectivity provides reporters with a formula to use against critics of a story (Tuchman 1978, Miraldi 1990, Bennett 1996).

Owners, though, can hire editors or producers with knowledge of journalistic practices to control liberal bias in reporters. As an empirical matter, owners do not seem to be choosing top supervisory personnel to offset liberal reporters. Weaver and Wilhoit (1996: 17) find that 57.2 percent of executives (who supervise editorial personnel) at prominent news organizations describe themselves as left or left-leaning, compared to 59.4 percent of staffers at these organizations. But even an editor intent on controlling journalists would find the task daunting. News stories are not a standardized product; rather, each is unique. An editor very familiar with the techniques of reporting will typically lack the detailed knowledge necessary to criticize the choice of sources on a story or beat. Hess (1981) documents the virtual lack of editorial oversight for Washington reporters, a particular specialist elite within the set of journalists. Print reporters particularly enjoy a great deal of autonomy by other measures as well: reporters initiated 69 percent of their stories in his study and 51 percent of stories were not edited by the home office at all (Hess 1981: 6, 8). Another factor weakening editorial control is the use of anonymous sources. Editors cannot evaluate the credibility or potential bias in the range of sources for a story if the reporter will not divulge names (Isaacs 1986).

Professionalism and peer review increase autonomy and independence in many fields. Academics use peer review in tenure decisions,

<sup>17</sup>Indeed, media scholars (Schiller 1981, Endersby and Ognianova 1997) argue that objectivity or fairness in reporting was introduced by news organizations to target news toward a mass audience.

department rankings, and accreditation decisions to promote goals which they value (lower teaching loads, graduate programs, more support for research) over those of their institutions (undergraduate teaching).<sup>18</sup> If professionalism creates slack in the principal-agent relationship, journalists with liberal personal political views could take up this slack in the form of biased news coverage. In this view liberal bias in the news simply reflects the potential for discretion, just as peer review contributes to a liberal bias in academia.

The above arguments suggest that the cost of controlling reporters will be high. News organizations will closely control journalists only if the benefit of the effort exceeds the cost. The gain from controlling bias, the reduction in profit from liberal news, might be small for at least two reasons. First, allowing partisan news coverage could reduce the cost of producing news coverage. Individuals with strong political views will accept lower pay to do the type of reporting they believe in.<sup>19</sup> If the majority of journalists have left-of-center views, liberal news might cost less to supply than unbiased news. Traditionally salaries in the news industry have been modest. And the cost of trying to produce a right-of-center product with predominantly liberal reporters could be quite high. Profit-maximizing news organizations will trade off reduced revenue from a smaller audience if offset by a larger reduction in cost.

Second, the reduction in audience due to liberal news may be small. Americans have little interest in politics in general and foreign news in particular; clearly reporters have more interest in the political game than the median audience member. News coverage, particularly of politics, has traditionally been a financial drain (Schudson 1995). CBS established its distinguished news department to enhance the network's reputation, not because of a direct return on the investment (Halberstam 1979).<sup>20</sup> If lost revenue from biased coverage is \$5 million a year instead of \$500 million, news organizations have little incentive to crack the whip and keep their reporters in line. In terms of the programming model, some portion of consumers may not be able to discern the partisan position of an organization's cov-

<sup>18</sup>On the difficulties which monitoring professionals creates for firms, see Alchian and Demsetz (1972). Other professions secure occupational licensing, which allows members to reduce entry into the field and create rents for practitioners.

<sup>19</sup>Frank (1996) presents survey evidence concerning students' willingness to accept lower pay for jobs offering greater intangible moral rewards.

<sup>20</sup>This raises the question of why the TV networks provide news service at a loss. A combination of habit and the public service requirement imposed by government regulators probably explains this.

erage. These consumers might divide evenly among the different organizations regardless of their position on the spectrum. Also the number of organizations producing in a given news market determines the audience gain at stake. A news monopoly can indulge partisan news at a lower cost than an outlet which faces competition. Hence monopoly newspapers should exhibit more bias than magazines.

### Maintenance of Bias: The Problem of Entrants

Even if existing news organizations did overcome their difficulties and maintain a liberal cartel, other organizations might enter the market and challenge the prevailing bias. An entrant could capture the moderate and conservative audience. Successful cartels must have means of punishing defectors and preventing entry. Yet proponents of the liberal media thesis offer little discussion of the barriers to entry and punishment mechanism which sustain the news cartel.

Licensing by the Federal Communications Commission constitutes a barrier to entry for radio and television. Indeed, for many years the FCC helped maintain the oligopoly position of the three over-the-air networks and delayed the development of cable television. The advent of cable, however, has reduced restrictions on entry, even though regulations still limit access to cable systems. Local access and educational programs take up scarce channels, while the must-carry provisions for local stations in the 1992 Cable Bill restrict access of new stations to cable systems. The last two decades have nonetheless witnessed the successful entry of CNN and Fox to the television market.

The First Amendment exempts the newspaper industry from direct regulation. Entry into the market is possible, at least in principle, as the example of *USA Today* demonstrates. Economies of scale do create declining average costs for newspapers over a given range of production, and circulation interacts with advertising rates. Consequently, only the largest cities can sustain two or more daily papers and significant barriers to entry exist in the local newspaper market (Lacy and Simon 1993). Only two new major metropolitan daily papers were established in the United States during the decade of the 1980s: the *St. Louis Sun*, which lasted less than a year, and the *Washington Times*, which loses money but survives due to the owners' willingness to subsidize the paper's partisan output (Lacy and Simon 1993: 134). And *USA Today* had a total pre-tax loss of \$800 million in its first nine years of operation (Underwood 1993: 99).

Entry barriers in the magazine industry are low and numerous

policy magazines exhibit a partisan orientation, including *National Review*, *Mother Jones*, *The American Spectator*, *Village Voice*, and *The New Republic*. Note that partisan policy magazines span the political spectrum. The uniformity of bias which the liberal media thesis requires does not exist. While partisan policy magazines do not attain a market presence close to *Time* or *Newsweek*, failure to win a large audience is not a barrier to entry.

The public sector's considerable public relations apparatus subsidizes mainstream journalists and creates a barrier to entry for new firms. As Paul Weaver (1994: 212) explains:

Much more consequential is the massive public information and public relations apparatus maintained by government at all levels at a cost to taxpayers of billions of dollars a year. . . . Usually a single call to a single press-relations person is enough to produce an entire day's or week's worth of interviews and inspection tours, supplemented by nearly any amount of official information, often on extremely short notice. Doing it yourself would take days if it could be done at all. This is a subsidy that isn't available to all comers. An ordinary citizen seeking interviews and observation opportunities out of mere personal interest wouldn't get the time of day. A representative of a nonaccredited or out-of-field medium is also apt to consider press relations a way of providing some journalists with protections from competition from other journalists.

Journalists from prominent news organizations are also most likely to have access to top administration officials and members of Congress and receive leaks and scoops. The ability to consistently get the story first provides a distinct advantage to incumbent organizations.

If barriers to entry prevent a new (conservative) organization from entering the news market, ideologues could always purchase an existing organization.<sup>21</sup> All three major television networks were sold in the 1980s. Only the news division need be modified in the organization; a television network's prime time and daytime lineups could be left intact. Given the alleged prevailing liberal bias, product differentiation could easily increase audience and advertising revenues. In addition to this profit incentive, the marginal benefit to conservatives of one countervailing source of news should be high. Further, wealthy conservatives willing to trade profits for political goals might invest in the takeover effort to break the liberal news cartel.

What prevents a change of orientation at an existing news organization, or how can cartel members punish a cheating firm? Professionalism provides journalists some ability to enforce their accepted

<sup>21</sup>A group of conservatives did in fact attempt to buy CBS in 1985.

practices on news organizations through peer evaluation.<sup>22</sup> If the new owners of a television network set about trying to impose a conservative perspective on the news product, other journalists could criticize the compromise of journalistic independence and deterioration of the quality of coverage. A reduction in the professional evaluation of the organization's product may adversely affect audience size and advertising revenue. Liberal journalists could themselves raise costs for a new conservative news orientation through work slowdowns and resignations. Indeed, more than 60 staff members of the *Chicago Sun-Times* took generous severance pay and resigned when Rupert Murdoch purchased the paper (Shawcross 1997: 175). In time new staff could be hired or trained, but a short-run increase in cost and deterioration of quality would be nearly inevitable.

## Conclusion

Ultimately the reader must judge the strength of the liberal media thesis. I have taken a different approach to the topic and raised some economic objections. Liberal bias must have a source and maintenance of bias effectively requires a news cartel. The source of bias remains unclear, although journalists themselves are the most plausible source. Even if so, the establishment of ideological bias within the profession is a mystery. And two weak points still remain in the cartel argument: why media owners allow journalists to indulge their liberal views at the expense of potential profits, and what protects the cartel against defectors and entrants.

Journalistic professionalism and independence play a role in answering both objections. Professionalism and the uniqueness of each story make the reporter's judgments (regarding sources, a lead, and a frame) difficult to second-guess, creating an environment in which the journalist's political views could matter. A news organization which attempts to impose a conservative slant in its coverage will meet resistance from professional journalists who see independence from ownership as critical for good reporting. The larger question for the liberal media thesis then is why news organizations accept journalistic professionalism. Perhaps media owners do not have the will to battle their employees over money and working conditions, preferring to accommodate employees' demands to improve their public image. Yet newspapers (including the *Washington Post*) have battled their

<sup>22</sup>Efron (1971) suggests that members of the journalistic community who criticize the prevailing liberal bias face considerable ostracism from other professionals.

printers' unions to control costs. So a general unwillingness to oppose employee demands will not provide an answer. Professionalism must generate some benefit for news organizations. A higher quality product as judged by journalists could possibly translate into larger audiences and advertising revenues. Yet evidence casts doubt on this. Coverage of Watergate won Bob Woodward and Carl Bernstein and the *Washington Post* many accolades but did not increase profitability as measured by stock price (McChesney 1987). Many journalists decry the changes implemented by Gannett first in the *USA Today* and later in their chain papers to create a more reader-friendly product (Underwood 1993: 95–105). Budget cuts by CBS News in the 1980s lowered the quality of their product in the view of journalists. Are these organizations worse off financially as a result? Ownership is most likely to indulge professionalism if skilled journalists value independence and will trade salary in return. Competition among news organizations for the best journalists determines the value of their compensation package. The form of the package depends on journalists' preferences and the cost to the organization of supplying types of compensation. Profit rises as long as the news journalists want to produce does not reduce the audience too much.

Two sources of potential barriers to entry or cost disadvantage to new organizations lie in the public sector: FCC limits on the number of television stations and government's public relations apparatus. Public-sector actions seem an inadequate basis on which to explain a liberal news cartel. Republicans held the presidency for 28 of the 40 years between 1952 and 1992. The White House could have directed scoops and interviews to conservative reporters and news organizations during these years. If FCC regulations were the source of a liberal news cartel, the Nixon administration could have knocked out a liberal news cartel via direct action instead of having Vice President Agnew speak out about bias.<sup>23</sup> Government regulation supported cartels in trucking, railroads, and airlines until the late 1970s; was news merely another example of government-sponsored cartelization? I suspect not. Support for trucking and airline cartels was less risky for politicians than a news cartel because politicians had no direct stake in the output of these industries.

Technology will likely eliminate any prospects of a liberal news cartel. A successful cartel typically requires a small number of firms. The cooperation necessary to maintain a cartel is more likely and the

<sup>23</sup>The Nixon administration did threaten not to renew the licenses of television stations owned by the Washington Post company.

ability to identify and punish cartel violators greater with a modest number of firms. The past two decades have witnessed an increase in the number of national news organizations; CNN and *USA Today* are just two examples. Many regional newspapers take on more of a national character due to web sites and satellite printing. Fox News is slowly becoming available to more cable systems.

As the number of news organizations increases, the incentive for partisan differentiation by some becomes quite strong. Partisan media bias, as defined here as a deviation of the product of all news organizations from the position of the median voter, may be a thing of the past. The minimum efficient scale of production limited and then eliminated competition between papers in all but the largest metropolitan areas. And the rise of the three television networks combined with FCC regulation limited the number of television news organizations. But as the number of television networks and national newspapers expands, the potential for a successful news cartel diminishes. A proliferation of reporting techniques and partisan views should occur in the decades to come as the number of national news organizations increase. Fox News already attempts to differentiate its product from the perceived liberal media bias. At least some of the new organizations should find it profitable to cater to conservative viewers.

I have addressed the question of partisan political bias in the news, a bias in favor of the Democratic party or liberal issue positions at the expense of Republican candidates and conservative or libertarian causes. News gathering and reporting can have other effects on the news, biases which may be as significant as party bias. Coverage of government activities might be excessively positive because reporters fear retaliation (lack of access, complaints to superiors) from government officials over negative stories. Fairness in reporting always allows government officials to be quoted and thus to provide their spin on events. Academic critiques of journalism in fact focus more on these other biases. Analysis of a possible link between journalistic practices and the expansion of government, though, remains a subject for future research.

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CAN THE MEDIA BE SO LIBERAL?

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