

**Media Economics**  
**No. 7,666**  
**Tuesday, 12.15-14.00 Uhr**  
**Room: 10-104**

**A. Description**

Recently, traditional media industries have come under economic pressure. This development has attracted worries not only with regard to the structure and scope of media industries and media markets but also with respect to the functioning of democracy.

In this course, we will analyze the peculiarities of media markets and the role of media in politics and other parts of the society from an economic perspective. The course will cover basic media economic concepts as well as go into the political economy of the media. Lectures will be based on recent economic research and, both, theoretical models and empirical studies will be discussed. Scientific discussions form an integral part of the course. Students are expected to read the compulsory literature in advance and to actively participate in class.

**B. Literature**

Introductory literature / reference:

Hamilton, James T. (2004). *All the News That's Fit to Sell. How the Market Transforms Information into News*. Princeton, NJ: Princeton University Press.

Prat, Andrea and David Stromberg (2011). *The Political Economy of Mass Media*. CEPR Discussion Paper No. DP8246, London: Centre for Economic Policy Research.

Economist (2011). A Special Report on the News Industry. *The Economist*, July 9, 2011.

The course will be based on recent theoretical and empirical research in media economics. Compulsory and supplementary literature for each topic are specified in the program below and will be available on StudyNet.

**E. Exam**

There will be a written exam during the central exam session. The exam will cover the entire content of the lectures (including discussions), the content of the self-study sessions, the compulsory literature specified in the syllabus below and the slides which will be posted on StudyNet. The additional literature mentioned in the syllabus is only covered on the exam to the extent discussed in class.

## C. Program

Date	Topic	Compulsory literature	Additional literature
<b>Part 1: Media industries and markets</b>			
20.9.	Introduction Information as a good Media markets as two-sided markets	Hamilton (2004, chapter 1); Prat and Strömberg (2011, section 1-2)	Anderson and Grabszewicz (2006); George and Waldfogel (2006); George and Waldfogel (2008); Picard (2006)
27.9.	Preference externalities Public versus private provision of news	Armstrong and Weeds (2007, without section 8 and appendix ); Waldfogel (2003, only p. 557-559)	George and Waldfogel (2003); Prat and Strömberg (2005); Sunstein (2000); Waldfogel (2003); Waldfogel (2004)
<b>Part 2: Media bias: sources and effects</b>			
4.10.	Political capture of the media Media capture by advertisers	Prat and Strömberg (2011, section 3-4)	Besley and Prat (2006); Brunetti and Weder (2003); Di Tella and Franceschelli (2011); Djankov et al. (2003); Durante and Knight (2011); Gambaro and Puglisi (2010); Leeson (2008); McMillan and Zoido (2004); Reuter and Zietzewitz (2006)
11.10.	Ideological media bias: supply and demand side explanations	Prat and Strömberg (2011, section 6)	Gentzkow and Shapiro (2006); Gentzkow and Shapiro (2010); Mullainathan and Shleifer (2005)
18.10.	Persuasion	Prat and Strömberg (2011, section 6)	DellaVigna and Gentzkow (2010); DellaVigna and Kaplan (2007); Gerber et al. (2009); Yanagizawa-Drott (2010)
<b>Part 3: Media, electoral competition and policy</b>			
25.10.	Media coverage, political accountability and policy: theory	Prat and Strömberg (2011, section 5.1)	Strömberg (2002); Strömberg (2004a)
15.11.	Self-study session: Empirical studies on the effects of media on voter turnout, political selection and policy outcomes	Prat and Strömberg (2011, section 5.2); one paper from additional literature	Besley and Burgess (2002); Eisensee and Strömberg (2007); Gentzkow (2006); Snyder and Strömberg (2010); Strömberg (2004b)
22.11.	Discussion of self-study session		
<b>Part 4: Media and the corporate sector</b>			
29.11.	Media effects in financial markets Corporate governance role of media	Dyck and Zingales (2002b)	Dyck and Zingales (2002a); Dyck et al. (2008); Engelberg and Parsons (2011); Huberman and Regev (2001)
<b>Part 5: The Internet and the market for news</b>			
06.12.	Effects of the internet on news media	Economist (2011)	Athey et al. (2011); Chiou and Tucker (2011); George (2008)
13.12.	Self-study session: Internet and extremism	Gentzkow and Shapiro (2011); Sunstein (2001)	
20.12.	Discussion of self-study session Summary and final discussion		

## D. Contact

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Office hours: Wednesday 16.15-17.45 or by appointment, registration by email.

## F. References

- Anderson, Simon P. and Jean J. Grabszewicz (2006). The Media and Advertising: A Tale of Two-Sided Markets. In: Victor A. Ginsburgh (ed.). *Handbook of the Economics of Art and Culture*. Amsterdam: Elsevier: 567-614.
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