Media versus Special Interests

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Abstract
We argue that profit-maximizing media help to overcome the rational ignorance problem highlighted by Anthony Downs. By collecting news and combining it with entertainment, media are able to inform passive voters about regulation and other public policy issues, acting as a (partial) counterbalance to small but well-organized groups. To show the impact this information has on regulation, we document the effect muckraking magazines had on the voting patterns of U.S. representatives and senators on regulatory issues in the early part of the twentieth century. We also discuss the conditions under which media can serve to counterbalance special interests.

[T]here is only one way to get a democracy on its feet in the matter of its individual, its social, its municipal, its State, its National conduct, and that is by keeping the public informed about what is going on. There is not a crime, there is not a dodge, there is not a trick, there is not a swindle, there is not a vice which does not live by secrecy. Get these things out in the open, describe them, attack them, ridicule them in the press, and sooner or later public opinion will sweep them away. (Joseph Pulitzer)\(^1\)

1. Introduction

According to the economic theory of regulation (ETR), government intervention is shaped by the competition among interest groups, where the winners are the

\(^1\) Quoted in Ireland (1914, p. 115).

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groups with the lowest cost of organizing relative to the per capita benefit of organizing (Olson 1965; Stigler 1971; Peltzman 1976). In the context of industry regulation, the ETR predicts that the winners tend to be small groups with a strong interest. Yet in practice we observe many regulations, ranging from antitrust law to zoning restrictions, that aim to protect small and dispersed interests against big and concentrated ones.

One possible explanation for the existence of regulation that seems to favor dispersed groups is that such regulation may only appear to be in the interest of these groups, when in fact it secretly serves the interests of large incumbents. This explanation is consistent with the major role that large incumbents often play in shaping regulatory implementation. Yet it has difficulties explaining why lawmakers enacted these types of regulation in the first place, often over the strong objections of large incumbents. Even if some incumbents might have benefited from antitrust law, in most instances large incumbents’ interest likely would have been better served with no antitrust legislation at all, or at least so many incumbents believed when federal antitrust law was first enacted in the late nineteenth century. So why do so many public policies that appear to constrain large incumbents exist?

An alternative to the ETR is the public interest view, where regulation arises whenever the social benefits outweigh the social costs. Proponents of this more benign view, however, traditionally have had trouble explaining how dispersed interests are able to come together and solve the collective action problem, overpowering more concentrated interests where the costs of organizing are much less.

A third explanation, which we explore in this paper, is that in a representative democracy, profit-maximizing media may play an important role in minimizing collective action costs for dispersed actors and therefore may help to tip the political balance against concentrated interests (including large incumbents) in certain cases. By helping to inform the broad public about certain public policy issues, media can create a more informed electorate to which politicians are likely to try to cater. Recognizing this role that the media can play allows for a richer theory of regulation, where outcomes depend on the relative strength of the media in informing and, in turn, empowering dispersed versus concentrated interests.

To understand how profit-seeking media can undermine the simple predictions of the ETR, we need to return to its conceptual foundation. The reason why narrow, concentrated interests dominate is that it is rational for broad, dispersed interests not to invest in informing themselves, given the infinitesimal payoff they receive from doing so. This is Downs’s (1957) theory of rational voter ignorance. If voters remain ignorant about public policies that would serve their interest, it does not benefit politicians to try to protect them by enacting these policies. Media, however, reduce the cost to voters (and others) of becoming informed, and they do this in two ways. First, by collecting, verifying, and summarizing relevant facts, media minimize the collective action problem as-
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associated with gathering information for a dispersed group. Second, by repackaging information in a way that makes it entertaining, media create a compelling rationale for individuals to bear the small cost of obtaining the gathered information. Even if it is not in each individual’s economic interest to become informed about a policy issue, the utility benefit provided by the entertainment component of a news story (for example, the scandalous, shocking, or titillating dimension) can more than compensate for the costs to the individual of obtaining the information, including the price of the newspaper and the time spent reading it. Thus, media can potentially overcome the rational ignorance problem. But do they have an interest in doing so?

The increasing-returns-to-scale technology used by most media induces them to cater their provision of news to the interests of large groups (Strömberg 2004b). This can be considered a negative outcome, as in Strömberg’s (2004a) view that this tendency generates a welfare-reducing bias toward policies that favor large groups (Prat and Strömberg 2013). In the context of regulation, however, this bias in profit-seeking media generates a natural counterbalance to the power of small, concentrated groups, which lies at the center of traditional ETR. Why? By informing large and dispersed groups about policy-relevant issues, media create an interest among politicians to cater to them.

How important is the counterbalancing role played by profit-seeking media in shaping actual regulation? In the age of national television (not to mention the Internet), it is very difficult to tell.2 Since nearly everyone is exposed to news at the same time, it is difficult to know whether media content affects voters or voters’ demand for information drives media content.

To address this challenge, we look back in time to the muckraking era (1902–17). This period saw the rise of investigative journalists who wrote about contemporary events with the express purpose of changing public attitudes and legislative behavior. Because this era predates national radio and television, exposure to the ideas in these articles would be greatest for those citizens who read the magazines. Since sales of these magazines differed by congressional district, we can expect the influence of their articles to vary with sales in the district. We focus our attention on circulation data by congressional district and by state that we collected for two of the most prominent muckraking magazines, McClure’s and Cosmopolitan.

We analyze roll call votes of U.S. representatives on all domestic regulatory legislation from 1902 to 1917. To control for the ideological preferences of elected representatives and the role of regional factors in voting behavior, in addition to party and regional dummies, we use the $x$- and $y$-coordinates of Poole (2004), which were developed in a series of articles by Poole and Rosenthal (1997, 2001). We show that representatives voted differently on regulatory issues that were

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2 Recent successful examples of how this challenge can be addressed in special circumstances are DellaVigna and Kaplan (2007), who use the geographic expansion of Fox News Channel, and George and Waldfogel (2006), who exploit of the gradual expansion of national distribution of the New York Times.
previously exposed in muckraking magazines, the more so the more diffused were muckraking magazines in their districts.

The advantage of our specification is that it controls for any specific characteristics of the representatives and the district, and we focus our attention on the results based on the interaction between issues that are muckraked and diffusion of muckraking magazines. The disadvantage is that we cannot rule out the possibility that voters who are more sensitive to certain issues are more likely to buy magazines that cover those issues and thus that the political preferences of voters in a particular district may be the source of both the voting behavior of their congressional representatives and the diffusion of muckraking magazines in their districts.

To try to address this concern, we test the same specification on the voting behavior of senators to see if exposure to muckraking and the interaction of exposure and diffusion influenced their voting behavior. Until 1913 the vast majority of senators were appointed, not elected. This process ensured that senators reflected the ideology or preferences of the governor or the state legislature that appointed them, but not necessarily the sensitivities or preferences that voters developed after becoming informed about particular issues. If muckraking magazine circulation is just a proxy for the prevailing ideology in a certain area, then this circulation should affect the way senators voted as well. It does not, in general. We do find some impact, however, if we split the sample between senators who were in states that provided for direct election and senators who were not directly elected. Directly elected senators are affected, much like their elected counterparts in the House of Representatives, whereas appointed senators are not.

This test alleviates the concern that our results are driven solely by the fact that muckraking magazine circulation is a proxy for the prevailing ideology in a certain area. Yet it is still possible—albeit unlikely—that our results are driven by the fact that muckraking magazine circulation is a proxy for some voters’ preferences that are not captured by a senator’s party affiliation or by his Poole and Rosenthal coordinates.

Taking this Senate and House evidence together illustrates the mechanism through which profit-seeking media influence regulatory outcomes. Elected officials are sensitive to informed voters, and media help voters become informed even on issues where their direct interest in being informed is minimal. This point is different from, but complementary to, that made in Strömberg (2004a, 2004b). Strömberg shows that media are effective in informing interested voters of the policies that benefit them directly. We show here that the point is more general and also applies to public interest policies in which few, if any, voters have a large economic interest.

To illustrate this point further, we examine the influence of media reporting on voting behavior around a reform that, while arguably benefiting the country overall, was not in the specific interest of any group: the Seventeenth Amendment, which provided for direct election of senators. Prior to ratification of this amend-
ment, most senators were appointed rather than elected. The insulation of the senate selection process from the will of the voters allowed business interests to exert considerable control over senate appointments and to pick sympathetic senators who were likely to support their special interests. In 1906, one of the largest muckraking magazines, *Cosmopolitan*, published David Graham Phillips’ *Treason of the Senate* series (Phillips 1906a–1906i). The series stirred enormous controversy, accusing the Senate of being “the eager, resourceful, and indefatigable agent of interests as hostile to the American people as any invading army could be” (Phillips 1906g, p. 488). Did this exposure of weakness—including, potentially, corruption—in the appointment process influence senators’ voting behavior?

To test this idea, we examine patterns in Senate votes on the Seventeenth Amendment that preceded (in 1902) and followed (in 1911) the publication of this series. These votes provide us with a quasi experiment with which to study the effect of exposure to the *Treason of the Senate* series on senators’ voting behavior. Senators from states where *Cosmopolitan* was more highly diffused were more likely to switch their votes (from negative in 1902 to positive in 1911). This effect cannot be explained in terms of the state’s electorate having a higher sensitivity toward the issue, since we show that the senator from the same state voted differently before the issue was muckraked. Similarly, this effect is not simply that areas where muckraking magazines were more diffused became more sympathetic to the idea of an elected Senate, since the diffusion of another muckraking magazine, *McClure’s* (which did not feature the *Treason of the Senate* series), had no independent effect on voting behavior.

In showing that media during the muckraking period contributed to regulation that favored broad and dispersed groups, we are not suggesting that this is always the case, nor that the outcome (in this case or any other) is necessarily optimal from a social welfare standpoint. Media involvement may be insufficient to overcome the power of large incumbents and other concentrated interests, or its overwhelming effect may be so strong as to trigger impulsive and potentially inefficient initiatives. Rather, the point we want to emphasize is that these results suggest that the media can play a countervailing role to the power of concentrated interests in the theory of regulation. To transform this insight into a positive theory of regulation, we need to address the question of when media are more or less likely to play this countervailing role. We discuss this issue in Section 5.

Our analysis of the impact of muckraking is related to a growing literature on the effect of media coverage on a range of political factors, including voting behavior (DellaVigna and Kaplan 2007), government intervention (Besley and Burgess 2002; Moss and Oey 2010), subsidies (Strömberg 2004b), and foreign aid (Eisensee and Strömberg 2007). Like Strömberg (2004a, 2004b), we use historical evidence to identify differential exposure to news. In showing that muckraking facilitated the approval of Progressive Era legislation, our paper is

3 For a nice summary of this work, see DellaVigna and Kaplan (2008).
similar to Law and Libecap (2006), which documents that vested interests have less power in explaining congressional votes on the Pure Food and Drug Act after the publication of muckraking stories. We add to Law and Libecap (2006) in two ways. First, we provide a mechanism through which media in general (and not just the muckrakers) help counteract the power of vested interests. Second, through a combination of time-series and cross-sectional evidence on a range of regulatory legislation, we are able to identify the working of this mechanism.

The remainder of the paper proceeds as follows. Section 2 discusses how media can overcome rational ignorance by entertaining their customers in the context of policy-relevant issues. Section 3 tests the impact of media information on policy outcomes by focusing on representatives’ and senators’ voting behavior on regulatory issues and how it is influenced by muckraking and the diffusion of muckraking magazines. Section 4 tests the impact of one of the major muckraking series, Treason of the Senate, on the voting behavior of U.S. senators on the Seventeenth Amendment. Section 5 discusses the conditions under which the media are more likely to act as a countervailing force to private special interests. Section 6 concludes.

2. The Role of the Media in Overcoming Rational Ignorance

Starting with Stigler (1971), the economic theory of regulation presupposes that voters remain poorly informed about regulatory issues. The foundation for this assumption goes back to Downs (1957), who suggests that it was rational for voters not to invest in acquiring such information on their own since the payoff (in terms of influence over policy outcomes) was infinitesimally small for individual voters. There are two cost-based explanations for why this result holds. First, there is a collective action problem in gathering the information. While everyone might benefit from such information being gathered, no one individually wishes to cover the cost of collecting it. Second, even if the collective action problem were resolved and a third party took charge of collecting, verifying, and summarizing the information, both the per capita cost of the information and the individual cost of processing it (for example, the time involved in reading or viewing the news) might still exceed the payoff in terms of the marginally increased likelihood of a more favorable policy outcome as a result of a more informed vote being cast.4

The media can potentially resolve both of these problems. First, by collecting, verifying, and summarizing relevant facts, the media can essentially resolve the collective action problem. In fact, each media outlet may be interpreted as an agent delegated by the multitude of its customers to collect information on their

4 Naturally, in practice there may be other reasons for individuals to become informed about policy-relevant issues and facts (including civic mindedness), which the economic theory of regulation tends to overlook.
behalf. This delegation of responsibility (and pooling of resources) solves the collective action problem but simultaneously introduces an agency problem—namely, ascertaining whose interest determines exactly what information is collected.

Second, by repackaging information in a way that makes it entertaining, the media may succeed in inducing voters to process it and thus become informed. Even if the cost of processing the information remains greater for the voter than the expected benefit to be derived from a more informed vote, the utility provided by the entertainment component may repay readers for both the cost (if any) of obtaining the information from the media outlet (namely, the price of the newspaper) and the time spent absorbing the information, thus making it worthwhile to become informed.

That people may become informed for consumption reasons was an idea already present in Downs (1957) and emphasized by Hamilton (2004), but it has not played a big role in the economic literature as a factor in overcoming rational apathy. In fact, Becker and Murphy (1993) emphasize the opposite channel: advertisers pay for entertainment to inform their customers. In our case, information is a simple by-product of the production of entertainment, as in the program *The Daily Show* featuring Jon Stewart.

An alternative way to overcome voters’ rational apathy is to assume a private return from becoming informed; for example, one may learn how best to exploit subsidies (Strömberg 2004b). While this aspect is important in many types of welfare legislation, it is unlikely to be the primary force in the case of regulatory decisions, such as the Clean Air Act, or constitutional amendments, such as the Seventeenth Amendment. For the public to become informed about these sorts of issues (where there is little private benefit), the entertainment factor is a more likely facilitating mechanism. Once voters become informed, several studies (Baron 1994; Grossman and Helpman 1996; Strömberg 2004a) show theoretically why it is harder for elected representatives to cater to special interests.

This link between media coverage and regulatory outcomes is difficult to test persuasively in an age of national television, not to mention the Internet. Thanks to these modern media, nearly everyone can potentially be exposed to the same news at about the same time, which makes the identification problem very challenging: how can we identify the causal link only from the time series, when many other events occurred at the same time?

3. Evidence from the Muckraking of Regulatory Issues

Before the introduction of national radio and television broadcasting, there was great diversity in exposure to news. For this reason, to identify whether press coverage influences the political support for regulation, we focus on the muckraking period of American journalism in the early years of the twentieth century. Changes in technology and demand created fertile ground for an explosion of
newspapers and magazines, such as *Cosmopolitan*, *Everybody’s*, *McClure’s*, and *Collier’s* (see Hamilton 2004; Glaeser and Goldin 2006). These magazines sought and realized a mass audience. Conservative estimates place sales of all such magazines at 3 million, the top four magazines at 2 million, and total readership as high as 20 million, all at a time when the U.S. population was 80–90 million and 15 million people voted in the national presidential election (Fitzpatrick 1994, p. 108).5

Initially focusing mainly on fictional accounts, these magazines reached a far broader audience by covering real-world scandals of all sorts. A quick perusal of the titles of notable articles reveals their focus. In 1905 and 1906, attention focused on producers of medicines and meat-packers in articles such as those in the Great American Fraud series (Adams 1905a–1905d, 1906a–1906f), “The Patent Medicine Conspiracy against Freedom of the Press” (Sullivan 1905), “Is Chicago Meat Clean” (Sinclair and Seaman 1905), “Stockyard Secrets” (Sinclair 1906b), and “The Condemned-Meat Industry” (Sinclair 1906a). Others, such as “Water Power and the Price of Bread” (Mathews 1908) and “Water Power and the Pork Barrel” (Mathews 1909) were featured in 1908 and 1909, and throughout the most active muckraking period (1902–12), there appeared numerous investigations of business power and political corruption, such as the Treason of the Senate series in 1906 and “An Exposition of the Sovereign Political Power of Organized Business” (Steffens 1910, 1911).

Because these magazines were not equally read throughout the country, we can use data on their coverage and circulation to test the models of Baron (1994), Grossman and Helpman (1996), and Stro¨mberg (2004a) that show that the fraction of informed voters alters the balance of power between private interest and public interest.6

Before discussing our tests, however, we need to explain how we collected these data, identified those pieces of legislation that were muckraked and those areas of the country that were more exposed to muckraking ideas, and coded legislators’ voting behavior.

### 3.1. Sample of Regulatory Legislation

To assemble a list of all regulatory legislation with available roll call voting records, we start with the Voteview data set (Poole 2004) and use Poole’s classification of the votes. Following Peltzman (1976), Poole classified all votes into one of eight categories. We focus on the two categories of regulation (regulation general interest and regulation special interest), where all of the literature, starting with Stigler (1971), suggests that special interests will be most active. We assem-

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5 The numbers of votes cast in presidential elections were 13.52 million in 1904, 14.88 million in 1908, 15.04 million in 1912, and 18.53 million in 1916 (U.S. Bureau of the Census 1975).

6 We are not suggesting that these muckraking articles were not reproduced or conveyed elsewhere, as Law and Libecap (2006) illustrate for the debate surrounding patent medicine legislation. Rather, we are relying on the assumption that exposure to these ideas was more intense in areas with higher circulation.
bled all such regulation votes from the Fifty-Seventh through Sixty-Fourth U.S. Congresses, both House and Senate (1902–17), which includes and slightly extends the period generally understood to be the era of muckraking (Weinberg and Weinberg 1961; DeNevi and Friend 1973).

To make our task more manageable, we further restrict ourselves to final votes and votes on issues that relate to domestic policy. When votes on the same bill occurred in both legislative chambers, we included both votes, even if only one was classified as a vote on regulation.

The final sample of legislation is provided in Table 1, which includes 40 final votes in the House and 34 final votes in the Senate. This list includes almost all of the notable legislation associated with muckraking, such as that which created the antecedent to the modern U.S. Food and Drug Administration. It does not include the Seventeenth Amendment, which we evaluate later since it is not classified as regulation.

3.2. Issues Covered in Muckraking Magazines

To measure the coverage of issues that are relevant to legislation, we examined all of the famous muckraking articles. We started with the book The Muckrakers (Weinberg and Weinberg 1961), which categorizes and reprints 27 notable muckraking articles and includes an uncategorized bibliography listing 98 important but less notable muckraking articles.

After reading the notable articles and reviewing the less notable ones, we constructed a measure of whether a regulatory issue was muckraked. We assign the term Muckraked a value of one if the regulatory issue was covered in muckraking magazines and zero otherwise. As Table 1 shows, 23 of 40 House votes

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7 We searched using the keywords “Pass S” and “Pass H,” which retrieve only the votes whose description indicates a vote to pass a bill, marked by “H.R.” or “S.”

8 A number of votes dealt with managing federal territories such as Alaska, the Philippines, or the District of Columbia.

9 Because of inconsistencies in coding, a vote that is classified as regulation in one chamber might not be coded that way in the other (Keith Poole, professor emeritus of political science, University of California, San Diego, e-mail to Jonathan Lackow, research assistant, June 26, 2004).

10 The categorization by Weinberg and Weinberg (1961) appears in their table of contents and is as follows: “Behind Political Doors,” which we label government corruption, and which includes the subcategories “The United States Senate,” “The United States House of Representatives,” “The State,” “The City,” “The Ward,” and “Bureaucracy”; “Poison—Beware,” which we label food and drug, and which includes the subcategories “Patent Medicine” and “Pure Food”; “People in Bondage,” which we do not use, and which covers racial issues; “High Finance,” which includes the subcategories “Mother of Trusts,” which we label monopoly; “Stock Market,” “Insurance,” and “Railroads,” to which we add the further subcategory of water power because of the preponderance of articles on water power; “The Church,” which we do not use; “Prisons,” for which we focus on prison labor and label as such; “Labor,” including the categories “Workmen’s Compensation” and “Child Labor,” and to which we add a further subcategory, working hours; and, finally, “Vice,” for which we focus on liquor and label as such.
Table 1

Domestic Regulatory Legislation with Final Roll Call Votes, 1902–17

<table>
<thead>
<tr>
<th>Date</th>
<th>Chamber</th>
<th>Subject</th>
<th>Muckraked</th>
</tr>
</thead>
<tbody>
<tr>
<td>January 31, 1902</td>
<td>House</td>
<td>Subject oleomargarine to state laws</td>
<td>0</td>
</tr>
<tr>
<td>March 17, 1902</td>
<td>Senate</td>
<td>Ocean mail service and deep-sea fisheries</td>
<td>0</td>
</tr>
<tr>
<td>April 3, 1902</td>
<td>Senate</td>
<td>Tax, regulate, and define oleomargarine (pass)</td>
<td>0</td>
</tr>
<tr>
<td>January 14, 1903</td>
<td>House</td>
<td>Rebate duties on coal</td>
<td>0</td>
</tr>
<tr>
<td>January 14, 1903</td>
<td>House</td>
<td>Rebate duties on coal</td>
<td>0</td>
</tr>
<tr>
<td>February 7, 1903</td>
<td>House</td>
<td>Protect commerce against monopolies</td>
<td>1</td>
</tr>
<tr>
<td>February 13, 1903</td>
<td>House</td>
<td>Regulate interstate commerce</td>
<td>1</td>
</tr>
<tr>
<td>March 2, 1903</td>
<td>House</td>
<td>Laws concerning tobacco</td>
<td>0</td>
</tr>
<tr>
<td>March 3, 1903</td>
<td>House</td>
<td>Gives preference to veterans for civil appointments</td>
<td>0</td>
</tr>
<tr>
<td>March 1, 1904</td>
<td>Senate</td>
<td>Require that cargoes carried on U.S. vessels be for public purposes</td>
<td>0</td>
</tr>
<tr>
<td>February 6, 1905</td>
<td>House</td>
<td>Regulate railroad rates</td>
<td>1</td>
</tr>
<tr>
<td>February 9, 1905</td>
<td>House</td>
<td>Regulate railroad rates</td>
<td>1</td>
</tr>
<tr>
<td>February 21, 1906</td>
<td>Senate</td>
<td>Prevent misbranding of food, drugs, and liquor (pass)</td>
<td>1</td>
</tr>
<tr>
<td>April 2, 1906</td>
<td>House</td>
<td>Laws about fortification of pure sweet wines</td>
<td>1</td>
</tr>
<tr>
<td>April 2, 1906</td>
<td>House</td>
<td>Laws about fortification of pure sweet wines</td>
<td>0</td>
</tr>
<tr>
<td>June 23, 1906</td>
<td>House</td>
<td>Pure food and drugs</td>
<td>1</td>
</tr>
<tr>
<td>January 10, 1907</td>
<td>Senate</td>
<td>Promote safety on rails and limit service hours of employees (pass)</td>
<td>1</td>
</tr>
<tr>
<td>February 18, 1907</td>
<td>House</td>
<td>Limit railroad employees’ hours of service</td>
<td>0</td>
</tr>
<tr>
<td>April 6, 1908</td>
<td>House</td>
<td>Liability of common carriers</td>
<td>1</td>
</tr>
<tr>
<td>April 21, 1908</td>
<td>House</td>
<td>Simplify customs laws</td>
<td>0</td>
</tr>
<tr>
<td>April 24, 1908</td>
<td>House</td>
<td>Safety during regattas and marine events</td>
<td>0</td>
</tr>
<tr>
<td>May 13, 1908</td>
<td>House</td>
<td>Protect patents</td>
<td>0</td>
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</tbody>
</table>
May 13, 1908  
House  
Protect impure tea

May 14, 1908  
House  
Amend bank laws

May 15, 1908  
House  
Regulate bank deposits

May 15, 1908  
House  
Provide maximum number of storage passengers

May 16, 1908  
House  
Provide government revenue, equalize duties, and encourage U.S. industry

May 17, 1908  
House  
Regulate storage

May 18, 1908  
House  
Regulate maximum number of passengers

May 19, 1908  
House  
Provide government revenue

May 20, 1908  
House  
Provide government revenue

May 21, 1908  
House  
Provide government revenue

May 22, 1908  
House  
Provide government revenue

May 23, 1908  
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June 4, 1908  
House  
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June 5, 1908  
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June 11, 1908  
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June 12, 1908  
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House  
Provide government revenue

July 16, 1908  
House  
Provide government revenue

July 17, 1908  
House  
Provide government revenue

July 18, 1908  
House  
Provide government revenue

July 19, 1908  
House  
Provide government revenue

July 20, 1908  
House  
Provide government revenue

July 21, 1908  
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Provide government revenue

July 22, 1908  
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July 24, 1908  
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July 28, 1908  
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July 29, 1908  
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July 30, 1908  
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Provide government revenue

July 31, 1908  
House  
Provide government revenue

August 1, 1908  
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August 2, 1908  
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August 3, 1908  
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August 30, 1908  
House  
Provide government revenue

August 31, 1908  
House  
Provide government revenue

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<table>
<thead>
<tr>
<th>Date</th>
<th>Chamber</th>
<th>Subject</th>
<th>Muckraked</th>
</tr>
</thead>
<tbody>
<tr>
<td>May 1, 1914</td>
<td>Senate</td>
<td>Inspect grain in interstate commerce (pass)</td>
<td>1</td>
</tr>
<tr>
<td>June 5, 1914</td>
<td>House</td>
<td>Regulate interstate commerce</td>
<td>1</td>
</tr>
<tr>
<td>August 4, 1914</td>
<td>House</td>
<td>Regulate construction of dams</td>
<td>1</td>
</tr>
<tr>
<td>August 5, 1914</td>
<td>Senate</td>
<td>Create interstate trade committee, define power (pass)</td>
<td>1</td>
</tr>
<tr>
<td>September 2, 1914</td>
<td>Senate</td>
<td>Antitrust regulations (pass)</td>
<td>1</td>
</tr>
<tr>
<td>January 4, 1915</td>
<td>House</td>
<td>Uniform grain grading</td>
<td>1</td>
</tr>
<tr>
<td>January 13, 1915</td>
<td>House</td>
<td>Define standard barrel for fruits and vegetables, including for exportation</td>
<td>0</td>
</tr>
<tr>
<td>February 2, 1916</td>
<td>House</td>
<td>Prohibit child labor items from interstate commerce</td>
<td>1</td>
</tr>
<tr>
<td>February 16, 1916</td>
<td>Senate</td>
<td>Committee for interstate commerce (pass)</td>
<td>1</td>
</tr>
<tr>
<td>March 8, 1916</td>
<td>Senate</td>
<td>Regulate dam construction (pass)</td>
<td>1</td>
</tr>
<tr>
<td>May 20, 1916</td>
<td>House</td>
<td>Develop merchant marine for U.S. commerce</td>
<td>1</td>
</tr>
<tr>
<td>August 8, 1916</td>
<td>Senate</td>
<td>Prevent interstate commerce of child labor products (pass)</td>
<td>1</td>
</tr>
<tr>
<td>August 18, 1916</td>
<td>Senate</td>
<td>Merchant marine bill (pass)</td>
<td>1</td>
</tr>
<tr>
<td>September 1, 1916</td>
<td>House</td>
<td>Establish 8-hour workday for people employed in interstate commerce</td>
<td>1</td>
</tr>
<tr>
<td>September 2, 1916</td>
<td>Senate</td>
<td>Establish 8-hour workday for carrier employees</td>
<td>1</td>
</tr>
<tr>
<td>September 5, 1916</td>
<td>Senate</td>
<td>Increase revenue regarding duties (pass)</td>
<td>1</td>
</tr>
<tr>
<td>September 5, 1916</td>
<td>Senate</td>
<td>Report regarding tariff to protect industries and prevent monopolies</td>
<td>0</td>
</tr>
<tr>
<td>January 4, 1917</td>
<td>House</td>
<td>Water may be diverted from Niagara Falls</td>
<td>1</td>
</tr>
</tbody>
</table>

Note. The sample includes all votes in the Voteview data set (Poole 2004) labeled as regulation (regulation general interest and regulation special interest). The variable Muckraked takes the value of one if the issue central to the vote was featured in muckraking magazine articles.
were subject to discussion in the muckraking magazines, while 28 of 34 Senate votes were muckraked.\footnote{In Dyck, Moss, and Zingales (2008), we introduced, in addition to a one/zero coding of whether an article was muckraked, a subjectively coded measure of the intensity of muckraking. Since our results were qualitatively and quantitatively similar with both measures, here we use the more objective muckraking dummy.}

3.3. Cross-Sectional Differences in Exposure to Muckraking Magazines: Circulation by District

We also construct a measure of cross-district differences in exposure to articles in muckraking magazines. Here we exploit the fact that we have been able to assemble detailed data on circulation by city and town for McClure’s, one of the most prominent muckraking magazines of that era, which had circulation numbers ranging from 360,000 to more than 500,000 per issue during this period. In 1917 McClure’s published a detailed breakdown of its circulation, providing circulation not only by state but also for every town with a population greater than 5,000 people (McClure Publications 1917). Figure 1 provides a first glimpse at the heterogeneity in circulation, aggregated to the state level to illustrate cross-state differences. McClure’s circulation was not highly correlated with urbanization rates (.34), and it was even less correlated with newspaper circulation per capita (.11).

Table 2 provides summary statistics on the circulation that is the focus of our tests, which is the more finely disaggregated circulation per district, which averaged 1,330 per district. At that time, the average size of an electoral district

\begin{figure}
\centering
\includegraphics[width=\textwidth]{map.png}
\caption{Diffusion of McClure’s per 1,000 people in 1915}
\end{figure}
Table 2
Summary Statistics for Votes on Domestic Regulatory Legislation, 1902–17

<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
<th>SD</th>
<th>Min</th>
<th>Max</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>House regulatory vote regressions (N = 7,497):</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pro-consumer vote</td>
<td>.47</td>
<td>.499</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>x-Coordinate</td>
<td>.028</td>
<td>.478</td>
<td>−.905</td>
<td>.987</td>
</tr>
<tr>
<td>y-Coordinate</td>
<td>−.030</td>
<td>.512</td>
<td>−1.268</td>
<td>1.342</td>
</tr>
<tr>
<td>Republican</td>
<td>.473</td>
<td>.499</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Third party</td>
<td>.008</td>
<td>.088</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>McClure’s Circulation (district)</td>
<td>1,330</td>
<td>1,187</td>
<td>90</td>
<td>11,284</td>
</tr>
<tr>
<td>McClure’s Circulation %</td>
<td>.689</td>
<td>.614</td>
<td>.047</td>
<td>5.84</td>
</tr>
<tr>
<td>Muckraked</td>
<td>.634</td>
<td>.482</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>McClure’s Circulation % × Muckraked × 100</td>
<td>.432</td>
<td>.581</td>
<td>0</td>
<td>5.841</td>
</tr>
</tbody>
</table>

| **Senate regulatory vote regressions (N = 2,161):** |      |       |     |     |
| Pro-consumer vote    | .523 | .499  | 0   | 1   |
| x-Coordinate         | −.001| .435  | −1.22| .821|
| y-Coordinate         | −.227| .6389 | −1.381| 1.386|
| Republican            | .518 | .500  | 0   | 1   |
| Third party           | .003 | .053  | 0   | 1   |
| McClure’s Circulation (state) | 11,265| 13,681| 1,106| 78,242|
| McClure’s Circulation (state)/1910 population | .651| .357  | .162| 1.526|
| Muckraked             | .805 | .396  | 0   | 1   |
| McClure’s Circulation % × Muckraked × 100 | .526| .414  | 0   | 1.526|

**Note.** The sample for the House is based on 40 final roll call votes; the sample for the Senate is based on 34 roll call votes. The Poole and Rosenthal (1997, 2001) x- and y-coordinates represent a measure of a representative’s ideology and geography, respectively, based on his voting record to that point. McClure’s Circulation % is the circulation of McClure’s magazine expressed as a percentage of the average district (House sample) or state (Senate sample) population. The dummy Muckraked equals one when an issue has been covered in one of the muckraking magazines.

was 193,200 people, so on average slightly less than 1 percent of the inhabitants bought McClure’s. This figure, though, vastly understates the potential importance of muckraking magazines such as McClure’s.

On one hand, Fitzpatrick (1994) estimates that readership of muckraking magazines was up to six times their circulation. On the other hand, only 15 percent of the population voted, and people who read McClure’s were probably more likely to vote.

Importantly, there is significant cross-district variation in circulation, with a minimum level of 90 sales per district (North Dakota, second district), 584 sales at the twenty-fifth percentile (Pennsylvania, twelfth district), 991 at the median (Maine, third district), 1,641 sales at the seventy-fifth percentile (Ohio, eighth district), and a maximum level of 11,284 sales (California, seventh district). While the highest sales were in the West, they were also present in the South (593 sales in the South Atlantic, 458 in the East South Central, and 825 in the West South Central).

To construct the district-level circulation we aggregate circulation by town and county by using additional information on the geographic boundaries of districts from Maris (1982) (by county and sometimes town, and even by specific city blocks where necessary). Because the number of districts and the boundaries...
of the districts changed for each Congress, we recalculate the McClure’s circulation per congressional district for each Congress in our sample period. For some of our tests, we divide this number by the average population per district to express circulation as a percentage of average district population.

3.4. Voting Behavior

We seek to test whether the public attention generated by muckraking forced representatives to vote more frequently in favor of regulation that served the interest of broad dispersed groups. This is not straightforward, since there is no obvious, nonarbitrary way to determine where the general interest lies with respect to each piece of legislation.

To address this problem, we begin by assuming that pieces of legislation supported by a higher proportion of Democrats than Republicans are more likely to be in the interest of consumers. Thus, we label as consumer oriented any legislation where the percentage of Democrats voting in favor exceeds the percentage of Republicans voting in favor by at least 10 percentage points. If the difference between the two percentages is less than 10 percentage points, we drop this vote from the sample (11 House votes and four Senate votes were dropped as a result). If the percentage of Republicans voting in favor exceeds the percentage of Democrats voting in favor by at least 10 percentage points, we label the legislation as not consumer oriented. Of the 30 remaining pieces of legislation, 12 are labeled as consumer oriented. We then classify each representative’s vote on each piece of legislation as consumer oriented if he voted in favor of a pro-consumer legislation or against an anti-consumer proposal. As Table 2 shows, 47 percent of the votes in the House are pro-consumer. Our main test is whether having constituents who are exposed to muckraking positively affects the probability that a representative will cast a pro-consumer vote.

12 The source for geographic boundaries of districts is Maris (1982).
13 When a town was included in our McClure’s list but was not mentioned specifically in Maris (1982), we allocated the town to the district that in our judgment (based on maps of the area) seemed most likely. When there were multiple districts in the same city identified by McClure’s (for example, Manhattan), we divided the city’s circulation equally across all districts in that city. In addition, McClure’s always had some excess circulation by state that was not attributed to specific towns or cities (likely arising from circulation in towns of fewer than 5,000 or perhaps mismeasurement in the geographic breakdown). We distributed this excess circulation equally across all districts in the state. When there was a district but no other indications of circulation, the district was assumed to have the average excess circulation. At this time, in some states there were representatives without congressional districts—that is, general ticket or at-large representatives. For these cases, we attributed the average circulation per district in the state. Finally, we restricted our sample for the Sixty-Fourth U.S. Congress to those states that did not have redistricting that changed the number of representatives or the apportionment of them across general ticket or at-large and geographically assigned districts, which reduced our sample by eight states.
14 Although there was certainly nothing like a direct one-to-one connection between party affiliation and consumer orientation during the Progressive Era (in fact, many of the most notable reformers during this period were midwestern Republicans, often characterized as insurgent Republicans), the relevant historical literature suggests that Democrats in Congress tended to vote more regularly for reform measures than did Republicans, especially after 1910. Romero (2007, p. 822) reports, for example, that “[b]ackground literature suggests that the institutional characteristic most likely to
To address the arbitrariness of this classification in a previous version of this paper,\footnote{See Dyck, Moss, and Zingales (2008, esp. pp. 13–14): "We seek to test whether the public attention generated by muckraking forced representatives to vote more frequently in favor of regulation that served the general interest. This is not straightforward, since it is arbitrary (and ideologically charged) to determine where the general interest lies in each piece of legislation. For this reason, we choose instead to test whether muckraking led representatives to vote differently from what they normally did. To compute this deviation, we exploit the fact that political scientists have already developed measures that they claim capture the ‘normal’ voting behavior of representatives. Our technique is simply to compare a measure of the actual voting behavior on a specific issue with a measure of their predicted normal voting behavior from these studies. Our conjecture is that there will be greater distance between actual and predicted normal values on issues that are muckraked, as compared to those that are not. Or, stated differently, we expect the exposure provided by muckraking to move representatives away from their traditional voting stance. As the measure of predicted voting behavior we use the score for the \(x\) co-ordinate developed by Keith Poole and Howard Rosenthal. . . . Poole and Rosenthal scores are unique to individual lawmakers. To make this measure vary by issue as well, in each roll call vote we assign to each representative the average score of representatives who voted in the same way. As an example, suppose that there are 40 Democrats and each had an \(x\) score of \(-0.19\) and there are 60 Republicans and each had a score of 0.27. On a particular issue 11 Republicans join the Democrats in voting in favor. In this case the score of all those who voted in favor would be \(-0.091\) = \((40\times(-0.19)) + (11\times0.27))/51\], while the score of those voting against would be 0.27 since all have a score of 0.27. This scoring system has the defect of underestimating variation in voting behavior since those who deviate in their vote tend to pull the average toward them. Since this biases against finding our results, we are willing to tolerate the defect. . . . In Table 3 we regress each individual vote in all ‘regulatory’ bills on a representative fixed effect and an indicator variable for issues that were muckraked. . . . In an issue that was actively muckraked (muckraking variable equal to 1), a representative vote moves ‘to the left’ by an amount equal to 73\% of the mean value of the \(x\)-coordinate.”} we tested instead whether muckraking led representatives to vote differently from how they normally voted,\footnote{To compute this deviation, we exploit the fact that political scientists have already developed measures that they claim capture the normal voting behavior of representatives. The results (Dyck, Moss, and Zingales 2008, table 3) are very consistent.} and we obtained very similar results. In addition, in an unreported regression, we classify as pro-consumer votes only those where a majority of northern Democrats were in favor. The results are similar.

Besides the exposure to muckraking, as determinants of pro-consumer votes we also use the \(x\)- and \(y\)-coordinates developed by Poole and Rosenthal (1997). They gathered all the data on voting behavior in roll call votes in the U.S. Congress. On the basis of these data, they identified two factors that predict votes, which they call the \(x\)-coordinate (ideology) and the \(y\)-coordinate (geography). The value of these variables is summarized in Table 2, which presents
3.5. Results for House Votes on Regulatory Legislation

In Table 3 we focus on House votes on regulatory legislation. We estimate a probit model of the probability that representative $j$ will cast a pro-consumer vote on issue $k$:

$$\text{Prob}\{V_{jk} = 1\} = f(X_j, X_k, m_{jk}),$$

where $X_j$ and $X_k$ are representative-specific and issue-specific control variables (including the $x$- and $y$-coordinates) and $m_{jk}$ is the exposure to muckraking of district $j$ in issue $k$. The coefficients reported are the marginal effect computed at the average value of the independent variables.

Column 1 presents the basic specification, with the level of sales of McClure’s in the district standardized by population, the Poole and Rosenthal $x$- and $y$-coordinates, dummy variables for the Republican Party and the third party, and a dummy variable equal to one if an issue was muckraked. In addition, we include nine census division fixed effects (coefficients not reported). The standard errors are clustered at the congressional district level.

Not surprisingly, the $x$-coordinate is highly significant. A higher value for the $x$-coordinate, which ostensibly corresponds to a more right-wing ideological position, decreases the probability of a pro-consumer vote. A higher value for the $y$-coordinate, which captures geography, increases the probability of a pro-consumer vote, but the effect is marginally significant. The Republican Party and third-party dummies are not statistically significant, which is not surprising since we control for the $x$-coordinate.

As expected, the muckraking dummy has a positive and statistically significant effect on the probability of a pro-consumer vote (a 3-percentage-point increase, equal to a 6 percent increase). This positive correlation, noted by several historians, lies at the heart of the existing belief that muckraking contributed to Progressive Era legislation. It does not, however, address the question of causality. It could be that muckrakers focused on topics where the sensitivity was already high and where a pro-consumer vote was more likely, regardless of what they published.

More compelling (and more direct) evidence of the impact of muckraking would be to show that this effect is stronger for congressmen elected in districts where muckraking magazines were more highly diffused. This is what we show in column 2, where we include the level of sales of McClure’s in different districts. A 1-standard-deviation increase in the circulation of McClure’s in the district leads to a 4-percentage-point increase in the probability of a pro-consumer vote (a 9 percent increase with respect to the sample mean).

A 1-standard-deviation change in McClure’s circulation corresponds to 1,187 people. Can 1,187 additional informed people have such impact? According to Campbell and Jurek (2003, table 2), in 1900–1924 the median victory spread in
Table 3
Impact of Muckraking on House Votes on Domestic Regulatory Legislation, 1902–17

<table>
<thead>
<tr>
<th></th>
<th>(1)</th>
<th>(2)</th>
<th>(3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Muckraked × McClure’s Circulation</td>
<td>7.405**</td>
<td>7.572*</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(2.506)</td>
<td>(3.568)</td>
<td></td>
</tr>
<tr>
<td>Muckraked</td>
<td>.0296*</td>
<td>.252**</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(.0120)</td>
<td>(.0800)</td>
<td></td>
</tr>
<tr>
<td>McClure’s Circulation/population (district)</td>
<td>5.388**</td>
<td>.719</td>
<td>.464</td>
</tr>
<tr>
<td></td>
<td>(1.364)</td>
<td>(1.708)</td>
<td>(3.098)</td>
</tr>
<tr>
<td>x-Coordinate</td>
<td>−.897**</td>
<td>−1.177**</td>
<td>−1.362**</td>
</tr>
<tr>
<td></td>
<td>(.0641)</td>
<td>(.129)</td>
<td>(.170)</td>
</tr>
<tr>
<td>y-Coordinate</td>
<td>.0286*</td>
<td>.0101</td>
<td>−.00169</td>
</tr>
<tr>
<td></td>
<td>(.0166)</td>
<td>(.0328)</td>
<td>(.0464)</td>
</tr>
<tr>
<td>Republican</td>
<td>−.0535</td>
<td>.247*</td>
<td>.188</td>
</tr>
<tr>
<td></td>
<td>(.0522)</td>
<td>(.108)</td>
<td>(.152)</td>
</tr>
<tr>
<td>Third party</td>
<td>.0628</td>
<td>.0222</td>
<td>−.0348</td>
</tr>
<tr>
<td></td>
<td>(.0780)</td>
<td>(.243)</td>
<td>(.175)</td>
</tr>
<tr>
<td>Muckraked × controls</td>
<td>N.A.</td>
<td>Yes</td>
<td>Yes</td>
</tr>
</tbody>
</table>

Note. The sample is based on 40 final roll call votes. The dependent variable is a dummy variable that takes the value of one if it is a consumer-oriented vote and zero otherwise. All regressions include controls for a senator’s x- and y-coordinates from Poole and Rosenthal (1997, 2001), Republican and third-party dummies (with Democrat the excluded category), and nine census division fixed effects. The coefficients reported are the marginal effect of a probit estimation computed at the average value of the independent variables. The standard errors (in parentheses) are heteroskedasticity robust and clustered at the congressional district level. N.A. = not applicable.

* p < .05.
** p < .01.

A congressional margin was 11.8 percent. Since the average district had a population of 193,200 and only 15 percent of people voted (based on presidential elections), the median congressional election was decided by 1,700 people. Fitzpatrick (1994) estimates that at that time muckraking magazines’ readership was up to six times their circulation. Thus, a 1-standard-deviation increase in the circulation of a muckraking magazine implied that 7,122 more people in a congressional district were informed about an issue. Even assuming that half of them were women, who did not vote at that time, and only half of the male readers’ voting preferences shifted as a result of the information contained in the muckraking magazine, a 1-standard-deviation change in circulation would potentially be able to move 1,780 voters, a sufficient number of voters to change the results in at least half of the congressional elections.

Finally, in column 3 we include an issue fixed effect. If there are topics where everyone tends to vote more pro-consumer, this should be captured by these fixed effects. The results are unchanged.

3.6. Evidence from Senate Votes on Regulatory Legislation

This result does not necessarily imply that the treatment of certain issues by the muckraking magazines led congressmen to alter their votes. An alternative interpretation of our results is that the media, instead of catering to the audience’s
demand for entertainment, cater to the demand for information (Gentzkow and Shapiro 2006). In this case, districts where voters are more sensitive to certain issues are likely to have both higher diffusion of magazines that cover those issues and representatives who are more likely to vote accordingly (in response to their voters’ exogenous preferences). This interpretation is able to account for most of our empirical results, without assuming any causality between newspaper reporting and congressional votes.

To assess the strength of this alternative interpretation, in Table 4 we test the same specifications of the determinants of voting behavior on regulatory legislation applied to members of the Senate. Until 1913, most senators were not elected but were appointed by state governors. Therefore, they reflected the prevailing ideology in the state but were not necessarily sensitive to voters’ pressure. If muckraking magazine circulation is just a proxy for the component of the prevailing ideology in a certain area that is not captured by the Poole and Rosenthal coordinates, then circulation should also affect the way senators voted, since they should share the same ideology. By contrast, if elected officials simply react to the voters’ awareness created by the muckraking articles, then the votes of appointed senators should not necessarily be affected by muckraking magazine circulation.

In Table 4, we reestimate the specification from Table 3 using the Senate’s regulatory votes with standard errors clustered at the state level. As columns 1–3 show, the diffusion of McClure’s in the state did not increase the probability of a pro-consumer vote. This measure has a negative effect in all columns, sometimes statistically significant. The interaction of circulation with the issues that are muckraked has a positive coefficient, but it is never statistically significant. This result is consistent with the hypothesis that McClure’s circulation had no effect on the probability of a pro-consumer vote by nonelected officials.

The best evidence of the differential response of elected and nonelected officials, however, can be obtained by looking at changes in behavior in the Senate as more senators were elected. Even before the introduction of the Seventeenth Amendment, there was a movement at the state level to increase the accountability of senators. Oregon was the first state to introduce provisions in the state legislature and constitution (later collectively called the Oregon plan) to ensure that its U.S. senators were directly elected rather than appointed. By 1911, 20 states had adopted similar plans, and a variety of other states had taken smaller steps in the same direction.

Did senators who expected to face an election behave in a different way? To test this hypothesis, Table 4 also splits the sample between appointed senators and senators from states with a provision for direct election by 1911. The interaction between muckraked issues and circulation of muckraking journals is positive and statistically significant only among elected senators. This evidence illustrates the mechanism through which this influence takes place. Elected officials are sensitive to informed voters, and media help voters become informed even on issues where their direct interest in being informed is minimal.
Table 4

Impact of Muckraking on Senate Votes on Domestic Regulatory Legislation, 1902–17

<table>
<thead>
<tr>
<th></th>
<th>(1)</th>
<th>(2)</th>
<th>(3)</th>
<th>(4)</th>
<th>(5)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Muckraked × McClure's Circulation (state)</td>
<td>31.99</td>
<td>34.52</td>
<td>−.562</td>
<td>189.1**</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(27.85)</td>
<td>(36.94)</td>
<td>(45.53)</td>
<td>(61.74)</td>
<td></td>
</tr>
<tr>
<td>Muckraked</td>
<td>−.0257</td>
<td>−.390*</td>
<td>−.388*</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(.0377)</td>
<td>(.162)</td>
<td>(.212)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>McClure's Circulation/1910 population (state)</td>
<td>−1.431</td>
<td>−28.82</td>
<td>−36.19</td>
<td>−23.37</td>
<td>−178.9**</td>
</tr>
<tr>
<td></td>
<td>(7.681)</td>
<td>(21.86)</td>
<td>(29.50)</td>
<td>(35.61)</td>
<td>(63.34)</td>
</tr>
<tr>
<td>x-Coordinate</td>
<td>−.728**</td>
<td>−1.165**</td>
<td>−1.374**</td>
<td>−1.639**</td>
<td>−1.291**</td>
</tr>
<tr>
<td></td>
<td>(.183)</td>
<td>(.265)</td>
<td>(.319)</td>
<td>(.392)</td>
<td>(.485)</td>
</tr>
<tr>
<td>y-Coordinate</td>
<td>.0455</td>
<td>−.0355</td>
<td>−.0471</td>
<td>−.425**</td>
<td>.0296</td>
</tr>
<tr>
<td></td>
<td>(.0442)</td>
<td>(.0803)</td>
<td>(.0996)</td>
<td>(.143)</td>
<td>(.157)</td>
</tr>
<tr>
<td>Republican</td>
<td>−.316*</td>
<td>−.178</td>
<td>−.0983</td>
<td>−.281</td>
<td>−.221</td>
</tr>
<tr>
<td></td>
<td>(.135)</td>
<td>(.184)</td>
<td>(.217)</td>
<td>(.257)</td>
<td>(.408)</td>
</tr>
<tr>
<td>Third party</td>
<td>−.189</td>
<td>−.422**</td>
<td>−.475**</td>
<td>−.464**</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(.185)</td>
<td>(.0659)</td>
<td>(.0730)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Issue fixed effects</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>States included</td>
<td>All</td>
<td>All</td>
<td>All</td>
<td>Appointed</td>
<td>Direct election</td>
</tr>
<tr>
<td>Muckraked × controls</td>
<td>N.A.</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>N</td>
<td>2,161</td>
<td>2,161</td>
<td>2,161</td>
<td>1,238</td>
<td>923</td>
</tr>
</tbody>
</table>

Note. The sample is based on 34 final roll call votes. The dependent variable is a dummy variable that takes the value of one if it is a consumer-oriented vote and zero otherwise. All regressions include controls for a senator’s x- and y-coordinates from Poole and Rosenthal (1997, 2001), Republican and third-party dummies (with Democrat the excluded category), and nine census division fixed effects. Column 4 uses the sample of senators from states with no provision for direct election; column 5 uses the sample of states with a provision for direct election as of 1911. Coefficients are the marginal effects of a probit estimation computed at the average value of the independent variables. Heteroskedasticity-robust standard errors are in parentheses and are clustered at the state level. N.A. = not applicable.

* p < .1.
* * p < .05.
* * * p < .01.
This test helps to alleviate the concern that our results are driven solely by the fact that muckraking magazine circulation is a proxy for the prevailing ideology in a certain area. Yet it is still possible—albeit unlikely—that our results are driven by the fact that muckraking magazine circulation is a proxy for some voters’ preferences that are not captured by a senator’s party affiliation or by his Poole and Rosenthal coordinates.

Strömberg (2004a, 2004b) shows that media are effective in informing interested voters about the policies that benefit them directly. We show here that the point is more general and also applies to public interest policies where no voter has any significant personal interest. While this distinction seems small, its implications are big. If media are effective only in informing interested voters, then they will cater to special interests, exacerbating the problem identified by the ETR. If, by contrast, media are also effective in informing voters about issues of public interest, then media can be a countervailing force to special interests in the regulatory arena.

4. Evidence from Votes on the Seventeenth Amendment

Here we introduce an additional test as a further attempt to address the potential competing interpretation for our findings that media attention is just capturing demand for information.

By the dawn of the twentieth century, there was growing discomfort with the constitutional provision that permitted U.S. senators to be appointed by their state governments rather than directly elected by their constituents. Some critics charged that the insulation of the senate selection process from the will of the voters allowed business interests to control senate appointments and pick sympathetic senators who were likely to support their special interests. As journalist Charles Edward Russell said, “Strictly speaking we had no Senate; we had only a chamber of butlers for industrialists and financiers” (quoted in Phillips 1964, p. 20).

In line with this public concern, legislators took steps to amend the Constitution to mandate the direct election of U.S. senators. The ratification process required, first, that both the House and the Senate pass the amendment with two-thirds majorities and, next, that the amendment be approved by three-quarters of the states. While there was clear support in the House of Representatives for such a move (with votes that were nearly unanimous in 1893, 1894, 1898, 1900, 1902, and 1911), the Senate generally refused to bring the issue to a vote. When the Senate finally did allow for a roll call vote in 1902, the proposed amendment failed by a significant margin. Another 9 years passed before the Senate again voted on the amendment, but this time the provision passed. After the requisite supermajority was achieved in the states, the Seventeenth Amendment was officially ratified in 1913.

Between the two votes on the proposed amendment, more precisely in 1906,
Cosmopolitan published the above-mentioned Treason of the Senate series, a major exposé of corruption in the Senate. To explore whether exposure to the stories in this series influenced senators’ voting patterns, we take advantage of the fact that we have information on the sales of Cosmopolitan by state. This information was difficult to assemble, as Cosmopolitan did not keep such records. Fortunately, in 1914 the Audit Bureau of Circulations was created to measure the circulation of newspapers and magazines across the country. We contacted the bureau and assembled the data for the first year available for Cosmopolitan (1915). We paired this information with data from the census on population per state, which was available for 1910 and 1920, and we calculated the average value for 1915. In the key regressions presented below, our measure of the diffusion of muckraking is the number of copies of Cosmopolitan sold in a state in 1915 divided by the state population in 1915 (in thousands of people).

Figure 2 illustrates the diffusion of Cosmopolitan by state, measured by the number of copies sold per thousand people. On average, Cosmopolitan sold 11 copies per thousand inhabitants and McClure’s sold six (Figure 1). But there was a wide dispersion. Both magazines were sold more in the West and in the Northeast, while they were less present in the South. As is evident in comparing Figure 1 with Figure 2, there was quite a large overlap between circulation of McClure’s and Cosmopolitan, with a correlation of .91.

To increase our confidence that we are estimating the effect of differences in the availability of information about corruption in the Senate, it is important to control for other factors that may have influenced senate voting behavior. Two relevant issues are the presence of provisions for direct election already at

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**Figure 2. Diffusion of Cosmopolitan per 1,000 people in 1915**
Table 5
Determinants of Senators’ Voting Behavior on the Seventeenth Amendment: Summary Statistics

<table>
<thead>
<tr>
<th>Variable</th>
<th>N</th>
<th>Mean</th>
<th>SD</th>
<th>Min</th>
<th>Max</th>
</tr>
</thead>
<tbody>
<tr>
<td>1911 Vote</td>
<td>91</td>
<td>.725</td>
<td>.449</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Switch</td>
<td>82</td>
<td>.329</td>
<td>.649</td>
<td>−1</td>
<td>1</td>
</tr>
<tr>
<td><em>Cosmopolitan</em> Circulation/population (1,000s)</td>
<td>91</td>
<td>10.539</td>
<td>4.903</td>
<td>2.530</td>
<td>26.368</td>
</tr>
<tr>
<td><em>McClure’s</em> Circulation/population (1,000s)</td>
<td>91</td>
<td>5.772</td>
<td>3.057</td>
<td>1.599</td>
<td>13.887</td>
</tr>
<tr>
<td>x-Coordinate</td>
<td>91</td>
<td>.025</td>
<td>.441</td>
<td>−1.220</td>
<td>.708</td>
</tr>
<tr>
<td>y-Coordinate</td>
<td>91</td>
<td>−.278</td>
<td>.640</td>
<td>−1.343</td>
<td>1.236</td>
</tr>
<tr>
<td>Republican</td>
<td>91</td>
<td>.549</td>
<td>.500</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Direct Election</td>
<td>91</td>
<td>.440</td>
<td>.499</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Contested Selection (or Election)</td>
<td>91</td>
<td>.220</td>
<td>.416</td>
<td>0</td>
<td>1</td>
</tr>
</tbody>
</table>

Note. The term 1911 Vote is a dummy variable that takes the value of one if the senator voted in favor of the amendment. Switch is a variable that takes the value of −1, 0, or 1 depending on whether the senator’s seat changed from a yes vote to a no vote between 1902 and 1911, remained unchanged, or changed from a no vote to a yes vote. Direct Election is a dummy variable that takes the value of one if a state had adopted a version of the Oregon plan. Contested Selection (or Election) takes the value of one if selection (or election) of a senator was contested.

the state level, as mentioned earlier, and increased awareness of the U.S. Senate at the state level arising from other sources, such as a sharply contested or disputed selection process. To capture these two issues, we include two dummy variables: one that identifies whether the state had moved toward direct election of senators on its own (that is, whether it adopted the Oregon plan) by 1911 and another equal to one if the state experienced a contested selection prior to 1911.

Table 5 presents the summary statistics for our 1911 sample of senators. We have data for 91 senators (of a total of 92 senators, or two from each of 46 states, at the time). A slight majority of these senators were Republicans, and 44 percent represented states with some provision for the direct election of senators.

In the first column of Table 6, we estimate a simple probit model of the probability that a senator voted in favor of the Seventeenth Amendment as a function of Poole and Rosenthal’s x- and y-coordinates and a Republican Party dummy (there were no third-party senators). As an additional control for regional effects on voting, in columns 1–4 we use the nine census division dummies. Some of these dummies perfectly predict the vote, so we lose 20 observations. For this reason, in columns 5–8 we reestimate with the six macroregion dummies (New England, North East, South East, North Central, South Central, and West). The coefficients reported are the marginal increase in the probability of a yes vote calculated at the average value of the independent variables. Right-wing senators (a high x-coordinate) were less likely to vote in favor of the Seventeenth Amendment versus Special Interests

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17 A second important issue was that there might be heightened attention arising independent of corruption concerns. Notably, some disputes at the state level resulted in no senator being appointed at the requisite time. As a result, states could be underrepresented in the Senate for significant periods.
Table 6
Impact of Muckraking on Senators’ 1911 Vote on the Seventeenth Amendment

<table>
<thead>
<tr>
<th></th>
<th>Nine Census Division Dummies</th>
<th></th>
<th></th>
<th></th>
<th>Six Regional Dummies</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(N = 71)</td>
<td>(1)</td>
<td>(2)</td>
<td>(3)</td>
<td>(4)</td>
<td>(5)</td>
<td>(6)</td>
<td>(7)</td>
</tr>
<tr>
<td>Cosmopolitan Circulation/population (state)</td>
<td>.0467* (0.0205)</td>
<td>.0437* (0.0194)</td>
<td>.0541* (0.0251)</td>
<td>.0229* (0.0136)</td>
<td>.0200* (0.0117)</td>
<td>.0240* (0.0143)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>x-Coordinate</td>
<td>-1.315** (0.321)</td>
<td>-1.107** (0.316)</td>
<td>-1.023** (0.432)</td>
<td>-1.097** (0.335)</td>
<td>-.643** (0.237)</td>
<td>-.513* (0.207)</td>
<td>-.463* (0.206)</td>
<td>-.515* (0.202)</td>
</tr>
<tr>
<td>y-Coordinate</td>
<td>.419** (0.139)</td>
<td>.297* (0.131)</td>
<td>.226* (0.105)</td>
<td>.281* (0.125)</td>
<td>.182** (0.0625)</td>
<td>.137* (0.0631)</td>
<td>.116* (0.0587)</td>
<td>.136* (0.0633)</td>
</tr>
<tr>
<td>Direct Election</td>
<td>-.252* (0.117)</td>
<td></td>
<td></td>
<td></td>
<td>-.0681 (0.0518)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contested Selection (or Election)</td>
<td>.107 (0.0898)</td>
<td></td>
<td></td>
<td></td>
<td>.0618* (0.0373)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>McClure’s Circulation/population (state)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-.0187 (0.0499)</td>
<td>-.00263 (0.0216)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Muckraked × controls</td>
<td>.766** (0.172)</td>
<td>.595* (0.251)</td>
<td>.411* (0.248)</td>
<td>.583* (0.265)</td>
<td>.463* (0.256)</td>
<td>.299 (0.245)</td>
<td>.189 (0.173)</td>
<td>.298 (0.245)</td>
</tr>
</tbody>
</table>

Note. Coefficients are from probit regressions that estimate the impact of the probability of a marginal change in the right-hand variable, calculated at the mean value. Heteroskedasticity-robust standard errors are in parentheses and are clustered at the state level. Controls include a senator’s x- and y-coordinates from Poole and Rosenthal (1997, 2001), geographical dummies, and the Republican dummy.  
* p < .05.  ** p < .01.
Amendment, while senators with a $y$-coordinate with a higher value were more likely to vote in favor. Interestingly, when we control for their $x$-coordinate, Republican senators were more likely to vote for the Seventeenth Amendment (that is, progressive Republicans were in favor).

In column 2 we include the circulation of *Cosmopolitan*. Senators from states where *Cosmopolitan* was more diffused were more likely to vote in favor of the Seventeenth Amendment. A 1-standard-deviation increase in the diffusion of *Cosmopolitan* increased the probability of a yes vote by 35 percent. This effect persists when we control for other possible determinants of the vote. In column 3 we include a dummy equal to one if a senator came from a state with some provision for direct voting and a dummy equal to one if a senator’s most recent selection was contested. The coefficient of the diffusion of *Cosmopolitan* is unchanged.

Even if we control for regional dummies, *Cosmopolitan*’s level of sales might just pick up any variable with a similar geographical concentration. It would be useful to have another magazine, with a similar pattern of concentration, that did not cover the Treason of the Senate, to use in the regression as a placebo. *McClure’s* is such a magazine. As Figures 1 and 2 show, the pattern of geographical diffusion is similar, but *McClure’s* sales have less reason to be causing the vote, because *McClure’s* did not publish the Treason of the Senate series. In column 4 we insert this variable. The effect of *Cosmopolitan* is substantially unchanged.

In columns 5–8, we reestimate the specifications with six regional dummies, which prevents us from losing 20 observations. The results are substantially unchanged, even if the magnitude of the coefficient dropped by half.

On the basis of these regressions alone, we cannot be sure that the effect captured by the diffusion of *Cosmopolitan* is not spurious. It is possible that senators from states where *Cosmopolitan* was very diffused were already naturally more inclined to vote in favor of the Seventeenth Amendment, regardless of the pressure exerted by the Treason of the Senate series.

Fortunately, in 1902 senators voted on essentially the same amendment. If the relationship visible in 1911 is spurious—that is, if senators from states with high diffusions of *Cosmopolitan* were more inclined to vote for the amendment, regardless of the muckraking articles that appeared in 1906—then one would expect the same basic pattern of voting in 1902 as well. But this was not the case. In unreported regressions, we found that the estimated effect of the diffusion of *Cosmopolitan* on the 1902 vote is often negative (not positive) and is never statistically significant.\(^{18}\)

In Table 7, we look at changes in voting behavior between 1902 and 1911. In this way, we control for any state characteristics that did not change over time. In columns 1–3 we look at changes in the votes of senators from the same state, while in columns 4 and 5 we look at the change in vote of the same senator if

\(^{18}\) The regression was omitted to save space but is available from the authors on request.
Table 7  
Impact of Muckraking on the Probability of a Change in Senators’ Votes on the Seventeenth Amendment between 1902 and 1911

<table>
<thead>
<tr>
<th></th>
<th>By Senate Seat (N = 82)</th>
<th>By Same Senator (N = 20)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(1) (2) (3)</td>
<td>(4) (5)</td>
</tr>
<tr>
<td>Cosmopolitan Circulation/population (state)</td>
<td>.0737** (.0275)</td>
<td>.0809** (.0285)</td>
</tr>
<tr>
<td>Direct Election</td>
<td>.445 (.299)</td>
<td>-.765 (.523)</td>
</tr>
<tr>
<td>Contested Selection (or Election)</td>
<td>-.061 (.323)</td>
<td>1.659** (.487)</td>
</tr>
<tr>
<td>x-Coordinate</td>
<td>.-2.864** (.901)</td>
<td></td>
</tr>
<tr>
<td>y-Coordinate</td>
<td>.0760 (.381)</td>
<td></td>
</tr>
<tr>
<td>Republican</td>
<td>1.442* (.825)</td>
<td></td>
</tr>
<tr>
<td>Constant</td>
<td>.594* (.347)</td>
<td>.364 (.379)</td>
</tr>
<tr>
<td>Census division fixed effects</td>
<td>No</td>
<td>No</td>
</tr>
</tbody>
</table>

Note. The dependent variable Switch takes the value of −1, 0, or 1, depending on whether the senate seat changed from a yes vote to a no vote, remained unchanged, or changed from a no vote to a yes vote. Coefficients are from an ordered probit regression with robust standard errors in parentheses and clustered at the state level.

** p < .01.
* p < .05.
' p < .1.

he was not replaced in the interim. For this reason, the number of observations in the final specification drops to 20.

We assign a value of +1 if the vote changed from no to yes, 0 if it did not change, and −1 if it changed from yes to no. As a consequence, we estimate an ordered probit regression. Column 1 reports results in which the only explanatory variable for the change in voting behavior is exposure to the Treason of the Senate series, measured by the ratio of "Cosmopolitan’s" circulation to the state’s population. The diffusion measure has a statistically and economically significant impact on the probability of switching to a yes vote.

In column 2 we control for two other factors that also changed between 1902 and 1911: the possibility that the state introduced provisions for direct election and the possibility that the state experienced a contested selection of a senator. These controls create a slight increase in the economic and statistical significance of the diffusion measure. In column 3 we introduce the additional control of the Poole and Rosenthal \(x\) - and \(y\)-coordinates in 1911 and a Republican Party

\[19\] The standard ordered probit regression (see, for example, Stata) imposes the parallel regression assumption, in which the effects of the explanatory variables do not vary with the point at which the categories of the dependent variable are dichotomized. Our results are robust to a more general formulation, namely, the generalized ordered probit introduced by Maddala (1983) and Terza (1985).
dummy, producing substantially similar results. These controls allow for possible ideological changes between senators coming from the same state.

In columns 4 and 5, we restrict our attention to the 20 senators who were present in the Senate both in 1902 and in 1911. We reestimate the same model where the dependent variable is change within senator and find similar results for the importance of a muckraking magazine’s circulation on voting behavior. Indeed, the effect is even larger. Given that they are the same senators, there is no need to control for individual effects, and controlling for direct and contested elections leads to larger coefficient estimates for diffusion in column 5.

In sum, the diffusion of *Cosmopolitan* in a state seems to have influenced its senators’ position on the Seventeenth Amendment. One possible reason why all senators, not just the elected ones, become more sensitive is that if the amendment was successful, they would all face scrutiny by the public. This effect does not seem to be driven by a spurious correlation between the diffusion of *Cosmopolitan* and political preferences, since the diffusion of *Cosmopolitan* in a senator’s state does not have any predictive power on his 1902 vote on the same issue, and the effect is present even when we control for the diffusion of a similar magazine (*McClure’s*) that did not publish the Treason of the Senate series. More telling, the probability that a senator changed his vote between 1902 and 1911 is correlated with the diffusion of *Cosmopolitan* in his state. It is difficult to explain both the House and Senate evidence on regulatory issues and the change in the Senate vote on the Seventeenth Amendment without media having a role in influencing the voting behavior of elected representatives.

5. Implications for the Economic Theory of Regulation

During the muckraking period, the media was powerful when it came to promoting regulation. This does not imply that the media always have this impact nor that all the regulation passed under the media pressure is beneficial to consumers. The natural question, then, is when are media more or less likely to play this role as a countervailing force? Answering this question provides a positive theory of regulation. Our historical examination suggests that three additional factors need to be considered.

First, both the interest and the ability of media to inform voters about an issue are directly linked to the newsworthiness of that issue. Some issues, such as the safety of drinking water, are by their nature more conducive to entertaining stories (for example, the movie *Erin Brockovich*). For this type of issue, media coverage can more easily shift the balance of power in favor of broad, dispersed interests. In fact, it can even drive politicians to take up populist initiatives. Yet the implementation of regulation is much less newsworthy, which explains why Congress can be pushed by public opinion to approve pro-consumer legislation that later, in the implementation phase, may be wholly or partly captured by vested interests.
Although it is difficult to say with precision what makes an issue newsworthy, two likely factors are when it is novel and when it seems out of the ordinary. With respect to the first factor, regulation that serves broad and dispersed interests is more likely to be enacted when the underlying issue is novel or when a new means of communication puts an old issue in a new light (for example, as the rise of television did for natural disasters). Indeed, it may be more than a coincidence that each of the three major eras of policy reform in the twentieth century (the Progressive Era, the New Deal, and the Great Society) immediately followed the introduction of a new technology for mass communication (national periodicals, radio, and television, respectively). Similarly, news that is out of the ordinary is more likely to attract attention than coverage that is familiar. This may help to explain why public demand for regulation sometimes seems to be directed toward addressing the exception, rather than the norm, including very low probability events such as shark attacks (Sunstein and Zeckhauser 2010).

More broadly, in the framework we have used in this paper, the media are motivated to convey information to the public out of a desire to maximize profits. This is the likely goal of media whose ownership is dispersed or whose large shareholders own only (or principally) media companies. By contrast, when controlling shareholders in media companies have a vested interest in industry (for example, when they also own regulated firms outside of the media sector) or if they have a specific political goal, the media might pursue a different agenda. Where media are concentrated in the hands of industrial interests, their populist impulse (that is, to appeal to a broad group of consumers) may be outweighed by the particular political interests of their owners (for example, to avoid regulation of their industry). In such a situation, not only can the media lose their beneficial role, but they may actually serve or become part of the so-called factory of consensus dreaded by Herman and Chomsky (1998). If we assume that domestic owners of media outlets are more likely than foreign ones to have political objectives (beyond pure profit maximization), this observation can help to explain why corruption is negatively correlated with foreign ownership of the media (Besley and Prat 2006) and with government ownership of the media (Djankov et al. 2003).20

Third, we have assumed that profit maximization derives from sales maximization, while the most important source of revenues for modern media is advertising, not sales. Interestingly, early muckraking magazines relied almost exclusively on sales (which may help to explain their activism). Advertising revenues very often follow circulation, and the two goals coincide. Yet to an advertiser, the value of an audience is driven by its aggregate purchasing power. Hence, smaller, more wealthy groups can receive more media attention than larger but less wealthy ones. This suggests that even when the media play a large role in shaping public opinion, the political influence of their owners can still matter.

20 Of course, not all foreign owners of media outlets are devoid of political objectives, as critics of Australian-born Rupert Murdoch (and his Fox network in the United States) regularly make clear. Murdoch became a naturalized citizen of the United States in 1985.
role in presenting information on particular issues and thus blunt the influence of large incumbents, they may still cater to the interests of a relatively affluent constituency.

Sales maximization also can diverge from profit maximization when advertisers have some market power over the media outlet. Reuter and Zitzewitz (2006), for example, find that financial advice is biased in favor of advertisers in publications with a more concentrated set of advertisers. The idea is that in these publications, the power of a media outlet to resist the pressure of each advertiser is reduced. Having a more concentrated set of advertisers may thus lead to a less inquisitive press and, in turn, to a less informed electorate and, thus, to political decision making that is more responsive to private interests. Regardless of a country’s internal industrial structure, its set of potential advertisers is generally larger if its economy is open. Hence, the opening up of an economy may provide an additional benefit by reducing advertisers’ power vis-à-vis the media and thus freeing the media to inform the public.

All these factors help to explain why muckraking arose, flourished, and subsided when it did. As Glaeser and Goldin (2006) argue, at the beginning of the twentieth century, major technological innovations made magazine production dramatically cheaper, which opened up a large market for periodicals, a market made even larger by the increasing level of literacy. The muckraking magazines, initially literary publications, discovered that the marketing power of investigative journalism was driving their remarkable and rapid increases in circulation. The muckraking magazines’ success, however, reduced the newsworthiness of additional inquiries by saturating the public with news of scandals. Their success in building circulation also led to increased opportunities to advertise and thus increased influence of advertisers, who were likely less than enthusiastic about investigative pieces critical of business.

If profit-maximizing media have the potential to inform the public and thus to limit the power of special interests, then the cycle just recounted—a cycle of new communications technology, followed by vigorous investigative journalism to build market share, and finally by retreat from aggressive investigation—may help to explain why major reform initiatives tend to be episodic and why (in the United States at least) the key reform eras of the twentieth century (Progressive Era, New Deal, and Great Society) tended to follow the introduction of major new communications technologies (mass printing, radio, and television, respectively).

6. Conclusion

The economic theory of regulation emphasizes the power of narrow, concentrated interests over broad, dispersed ones. In this paper, we argue that a missing element from this theory is the role of profit-maximizing media. In representative democracies, profit-seeking media increase the relative power of broad, highly
dispersed groups by reducing their cost of becoming informed. Motivated to reach big audiences by the lure of large profits, media firms typically seek to transform real events and issues—including public policy issues—into entertaining stories. In so doing, they end up informing the public about these issues and events, thus helping to overcome the problem of rational ignorance highlighted by Downs (1957). By informing voters, media help to make elected representatives more sensitive to the interests of their constituencies and less prone to excessive influence or capture by special interests. Several characteristics of the media market help determine to what extent the media will be a countervailing force to private interests and to what extent they themselves will be captured.

We document the importance of this channel by studying the impact that muckraking articles had on the voting behavior of U.S. representatives and senators at the beginning of the twentieth century. We find this effect to be not only statistically significant but also quantitatively large.

The results point toward a revised economic theory of regulation able to differentiate where and when vested interests will prevail. Our analysis suggests that vested interests will have less influence over the legislative agenda on issues that are more newsworthy. They will also have less influence when media ownership and advertising budgets are less concentrated.

References


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