

# Federico Vaccari

## *Presentation Title*

### **Influential News and Policy-making**

#### *Abstract*

To counter misinformation, regulators can exercise control over the costs that media outlets incur for misreporting policy-relevant news, e.g. by imposing fines. This paper analyzes the welfare implications of those types of interventions that affect misreporting costs. I study a model of strategic communication between an informed media outlet and an uninformed voter, where the outlet can misreport information at a cost. The alternatives available to the voter are endogenously championed by two competing candidates before communication takes place. I find that there is no clear nexus between the voter's welfare and informational distortions: interventions that benefit the voter might be associated with more misreporting activity and persuasion; relatively low misreporting costs yield full revelation but minimize the voter's welfare because they induce large policy distortions. Interventions that increase misreporting costs never harm the voter, but lenient measures might be wasteful. Electoral incentives distort the process of regulation itself, resulting in sub-optimal interventions that are detrimental to the voter's welfare.

#### *Keywords*

Political economy; microeconomics; information economics; costly misreporting; regulation; media

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