

# News Bargaining Codes CEPR Event

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# Roadmap for discussion

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- In my discussion, I will:
  - ▶ Offer some comments about these two excellent papers.
  - ▶ Discuss potential future research directions.

# Sandrini and Somogyi (2023)

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- Exogeneity of transfer  $T \neq$  decentralized approach to regulation.
  - ▶ News Bargaining Code specifies bargaining protocol and lets involved parties negotiate.
  - ▶ Framework disregards crucial aspect of how to design this bargaining protocol (but shows that there is hope).

- Super interesting paper, ingenious modeling choices!
- Exogeneity of transfer  $T \neq$  decentralized approach to regulation.
- Can lump-sum transfers provide effective incentives to produce content?
  - ▶ Traditionally, advertising revenues raised news producers' *marginal* incentives to produce news content.
  - ▶ The fact that lump-sum transfers are periodically renegotiated may provide sufficient incentives (i.e., relational incentives).

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- Exogeneity of transfer  $T \neq$  decentralized approach to regulation.
- Can lump-sum transfers provide effective incentives to produce content?
- Are transfers contingent on news quality realistic? Can social media and news producers agree on a such a measure?

- Provides important evidence that News Bargaining Codes will change the news people are given to read.
  - ▶ Substitution towards cheaper alternatives when these exist.
- Can analysis be extended to investigate whether Google News gave more prominence to lower-quality news providers?
- Did the introduction of the News Bargaining Code induce news producers to change the type of content they produce?
- Does there exist consumer data to see if readers started using Google News less?
- Google News provides personalized news – data collection ignored this aspect. Does this matter?



- News Bargaining Code adopts decentralized approach because of regulator's lack of information.
- > Approach this problem from a mechanism design perspective (c.f., Muir and Kang, 2022).
  - ▶ Information is decentralized, but it is shared among multiple parties.
- Such an approach would require being more precise about the objective of the policy, and what information is needed exactly.
- What does optimal regulation look like? Can it be implemented through simple protocols?
- Conjecture: unlikely that optimal regulation involves purely bilateral negotiations.

# Future Work

## Collective Bargaining

- Complex environment with interdependencies and externalities across pairs of players.
- There exists a (structural) empirical literature that has developed tools to study these environments.
  - ▶ “Nash-in-Nash” literature. E.g., bargaining between health insurance plans and hospitals.
- Approach allows to consider counterfactual scenarios.
- With the right data, could look at counterfactual scenario in which news producers are allowed to negotiate collectively.

- To date, empirical work has studied whether news aggregators are 'complements' or 'substitutes' for news producers.
  - ▶ Calzada and Gil, 2020; Athey et al., 2021.
- Little to no work looking at how news aggregators shape individual news consumption behavior.
  - ▶ How do news aggregators change consumers' preferences towards outlets?
  - ▶ Do they increase or decrease the variety of topics people are exposed to? Do they make people better informed?