Discussion of Influence for Sale: Evidence from the Italian Advertising Market

Oliver Latham

October 20, 2012

Summary

- Do firms target their advertising to politically connected media?
- Examine whether Berlusconi-owned outlets received greater share of ad spends when he was in power
- Suggestive evidence on TV advertising, strong evidence on total advertising
- Also effects on advertising prices
- Some evidence that effect is stronger for firms in "regulated" sectors
- The empirical work is motivated by a very clear model

Motivation

- Why might Berlusconi punish firms that advertise on competing networks?
  1. Lost revenue for his firm (requires ownership of media)
  2. Aided political opponents (doesn't require ownership)
- First channel is not media specific
- What if Berlusconi's firm made industrial equipment, cars etc?
- Results may be more general
- Issue with motivation/conclusion:
  1. You argue that results highlight dangers of politicians owning media
  2. But need a reason to single out media over other industries

Other Comments

- Subjective measure of regulation:
    1. Are there alternative measures to check robustness (e.g. lobbying expenditure/political donations)
    2. In some specifications you use a dummy for if the industry's value is above the median
    3. There's a fair amount of clustering in the middle
    4. What happens if you compare upper and lower quartiles?
- Can you calculate a rough estimate of the $ value of political connections to Berlusconi's firms?
- In table 5, Berlusconi effect negative for unregulated firms. Crowding out?
- Interactive effect with regulation present for TV but not TV & Press, why?
- Forward looking behaviour?