Polarized Media and Inflation Expectations*

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Extended Abstract; please do not share or cite.

Abstract

We investigate the impact of media exposure on household inflation expectations in a high-inflation environment, focusing on the role of prime-time television news. Utilizing new micro panel data from Turkey, we analyze how inflation coverage in television news influence formation of household inflation expectations. Our preliminary findings reveal a polarization in inflation coverage by TV channels based on their ideological distance from the incumbent government. Viewers generally choose TV channels that match their own political affiliation, thus polarizing news consumption. For identification, we address the endogeneity in matching between individuals and TV channels by fixing the channel choice over time and exploiting the within-individual variation in news exposure. More frequent TV coverage of inflation *causes* inflation expectations to rise, with primarily politically neutral channels driving the effect. In ongoing work, we are conducting a randomized control trial (RCT) to study channels mediating the effect and to disentangle between the strength of individuals' priors and the perception of differential bias across TV channels as potential drivers of the heterogeneity in our main results.

JEL classification: D84, E31, E52, E58, L82

Keywords: Inflation; Expectations; Media; Polarization.

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Extended Abstract

Does the "polarization of reality"—à la Alesina, Miano, and Stantcheva (2020)—also apply to TV channels and how they cover the inflation for the same economy? How does prime-time television news influence the formation of inflation expectations? These questions are particularly crucial in an environment in which inflation is high and volatile and inflation expectations are unanchored, making them highly responsive to policy decisions, news coverage, and broader sentiment shifts. Given that inflation expectations play a fundamental role in shaping actual inflation outcomes, understanding their determinants is essential for central banks and economic decision-makers.

We focus on Turkey, a high-inflation emerging market where both inflation expectations are volatile and the media landscape is politically polarized. Such polarization can amplify existing biases among households, contributing to divergent inflation expectations across the population. To test this hypothesis, we first categorize major TV channels in Turkey into three groups via the help of a large language model: government-friendly, neutral and opposition leaning. By using web-scraped data on prime-time news videos (and the accompanying transcripts) from YouTube and Dailymotion, we then measure the monthly frequency with which each of these channels covers inflation in its news and confirm that the coverage is politically polarized. In other words, opposition channels mention inflation most frequently and government-friendly channels the least.

We then introduce a new monthly panel survey from Turkey that measures not only inflation expectations of a representative sample of individuals but also their voting behaviors and media preferences for news consumption. Here we confirm that individuals' choices of TV channels are strongly linked to their political affiliation, which means news consumption itself becomes polarized as government-party voters get minimal exposure to inflation news on their preferred TV channels, whereas the opposite holds for supporters of the opposition party. However, such polarization of news consumption would only translate into polarization of inflation expectations if media coverage can change viewers' minds and thus have an impact on what inflation they expect for the future.

In order to identify the *causal* effect of media coverage on inflation expectations, we devise an identification strategy that aims to tackle the endogeneity in matching between individuals and their preferred TV channels for news consumption. A major concern in this setting is that, in a cross-sectional comparison, people expecting high or low inflation might also choose to watch the TV channels that will match their priors, which would imply reverse causality. To tackle such static selection effects, we use the panel feature of our new dataset and focus on the within-individual variation in TV news coverage. A remaining concern

would be the possibility of individuals switching TV channels over time in tandem with the change in their expectations. Although our survey shows that such channel switching is rare from one month to another, we address these dynamic selection concerns by fixing the TV preference over time and consistently assigning each individual to the channel they preferred the first time they were included in the survey.

A further challenge for identification in this setting is the possibility of TV channels catering to their viewers' news priorities. In particular, if a channel knows the composition of their viewer base and can observe their inflation experiences in the past, it might then be able to anticipate the change in future expectations and adjust its news coverage accordingly. To mitigate this concern, we control for past inflation experiences at the individual-level. We also show that TV coverage itself is not associated with the individuals' past inflation experiences.

Another concern could be that due to highly polarized nature of the media and households in Turkey and the assortative matching between these two groups based on political affiliation, they might synchronously respond to the economic propaganda of the political party they are associated with, thus potentially creating a spurious correlation between media coverage of inflation and household inflation expectations. We address this concern by controlling for *party x time* fixed effects, which helps us identify our estimates by comparing individuals voting for the same party at the same point in time but exposed to different TV channels.

Finally, the literature has shown the importance of inflation dynamics at the local level in determining households' future expectations (see D'Acunto, Malmendier, and Weber, 2023). In case inflation expectations and the availability of TV channels differ across different provinces, this may again lead to spurious correlations between the two phenomena. Hence, we use *province x time* fixed effects in order to abstract from any type of local level confounder that may vary over time.

Our baseline results show that more frequent media coverage of inflation increases household inflation expectations. In particular, a one standard deviation rise in coverage increases the expectations by 9 per cent of its standard deviation in the full sample. While significant, the estimate is somewhat modest. Yet, this baseline estimate hides quite a bit of heterogeneity in that it is mainly driven by neutral TV channels, for which the estimates go up by more than a factor of three. Households who follow more neutral news sources are more responsive to inflation coverage, whereas those who rely on politically aligned media—whether pro-government or pro-opposition—are less likely to adjust their expectations, in line with evidence for the U.S. (Coibion, Gorodnichenko, and Weber, 2021).

These findings put a limit on the polarization of inflation expectations as the response

to inflation-related news among people who watch TV channels sitting on the opposite ends of the political spectrum seems to be minimal. However, it is not clear whether this non response arises because such people have very strong (perhaps ideological) priors so that news in general cannot change their minds or because these people are aware of the ideological biases across different TV channels and thus internalize such biased news coverage in responding to what they see in these channels (or both). To disentangle between these two mechanisms, we are currently in the process of conducting a randomized control trial (RCT) which contains an information provision experiment embedded within a survey. The experimental design will first measure the strength of respondents' priors and then expose them to curated inflation news treatments that vary both in tone (positive vs. negative) and in perceived source (pro-government, opposition-affiliated, and neutral outlets). By measuring the sensitivity of inflation expectations to these randomly assigned treatments and conditioning the causal estimates on the strength of priors, we aim to quantify both of these mechanisms in the same experimental setting.

In future work, we will also apply natural language processing (NLP) techniques to our dataset of prime-time news transcripts to classify the tone of coverage—whether inflation news is framed optimistically or pessimistically—and to assess how narrative framing aligns with pro-government or opposition-leaning editorial lines. This analysis will enable us to examine whether partisan media systematically report economic developments in ways that reinforce political messaging.

While existing research has explored the media's role in shaping inflation expectations, these studies are predominantly focused on print media, correlational in nature, and based on advanced economies, where inflation expectations are more stable, and limited variation makes it difficult to identify the key driving factors (Larsen, Thorsrud, and Zhulanova, 2021; Lamla and Lein, 2014; Ryngaert, Binder, and Frank, 2025). Our study aims to bridge this gap by utilizing newly collected household panel survey data on inflation expectations during a high-inflation era in an emerging economy. Complementing US-based studies (e.g., Goldman, Gupta, and Israelsen, 2024), we first illustrate the political polarization of inflation-related news coverage across major TV channels and show how it leads to polarized news consumption in the society due to the assortative matching between viewers and TV channels based on political affiliation. More importantly, by using a novel identification strategy—thanks to the panel feature of our new survey—and exploiting daily prime-time news videos/transcripts web-scraped from publicly available sources, we are the first to find that inflation coverage in prime-time TV news has a positive *causal* effect on individuals' inflation expectations.

Our study makes several contributions at different levels. From a practitioner's perspective, these findings carry important policy and media implications, indicating that more

frequent and accurate reporting on inflation can shape consumer expectations, particularly among viewers of less politically polarized TV networks. Timely and well-structured media coverage may serve as a tool for anchoring expectations, ensuring that households have access to relevant and reliable economic information. From a theoretical perspective, this study examines the epidemiological foundations of the sticky information model (Carroll, 2003) within an emerging market context, where persistently high inflation levels heighten households' attentiveness to inflation-related news (Cavallo, Cruces, and Perez-Truglia, 2017; Weber, Candia, Afrouzi, Ropele, Lluberas, Frache, Meyer, Kumar, Gorodnichenko, Georgarakos, et al., 2025; Bracha and Tang, 2025; Korenok, Munro, and Chen, 2023). Unlike in advanced economies, where inflation expectations tend to be more stable, Turkey's high-inflation environment presents a unique opportunity to evaluate whether households efficiently integrate new economic information into their expectations.

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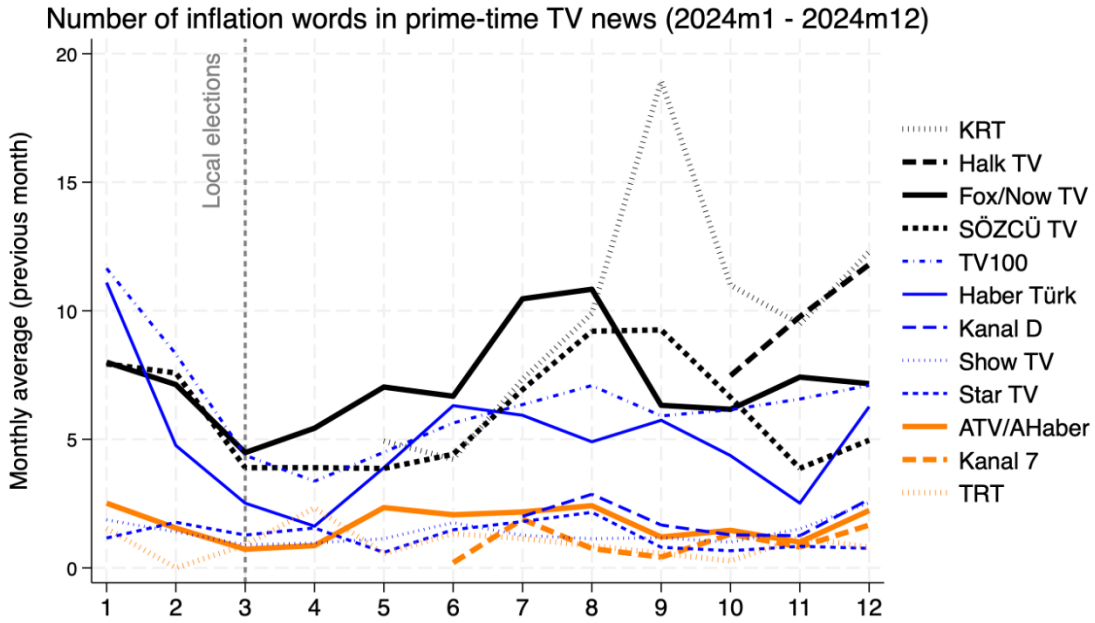


Fig. 1. **Number of inflation words in prime-time TV news (2024m1 - 2024m12).**

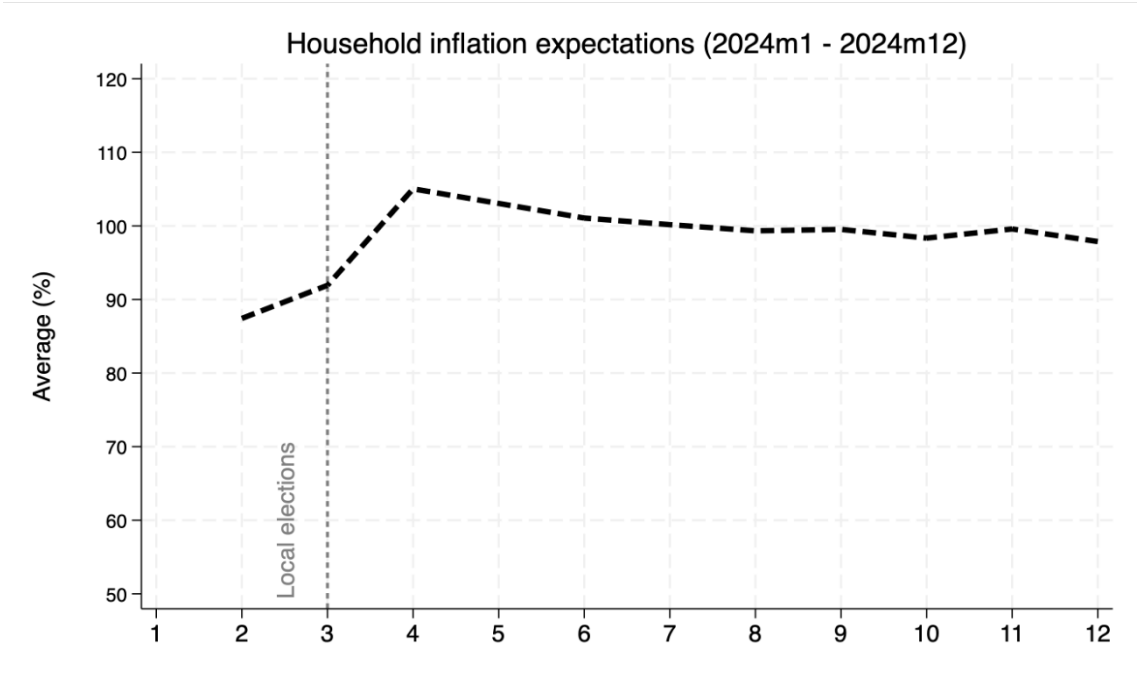


Fig. 2. **Household inflation expectations (2024m1 - 2024m12).**

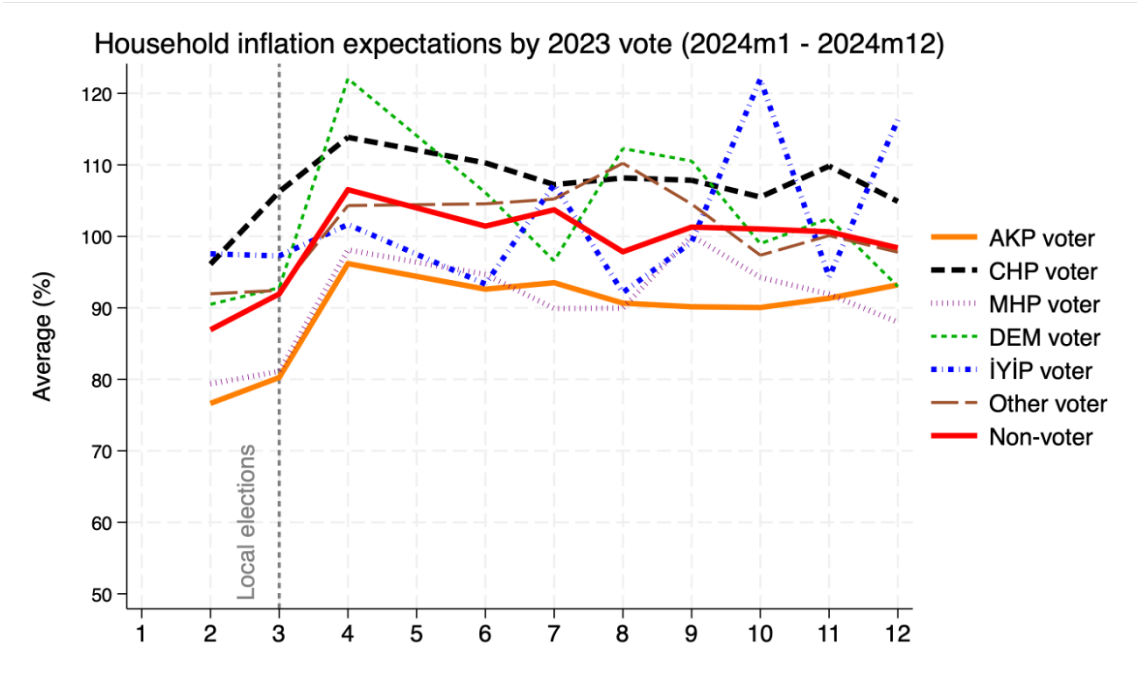


Fig. 3. **Household inflation expectations by 2023 vote (2024m1 - 2024m12).**

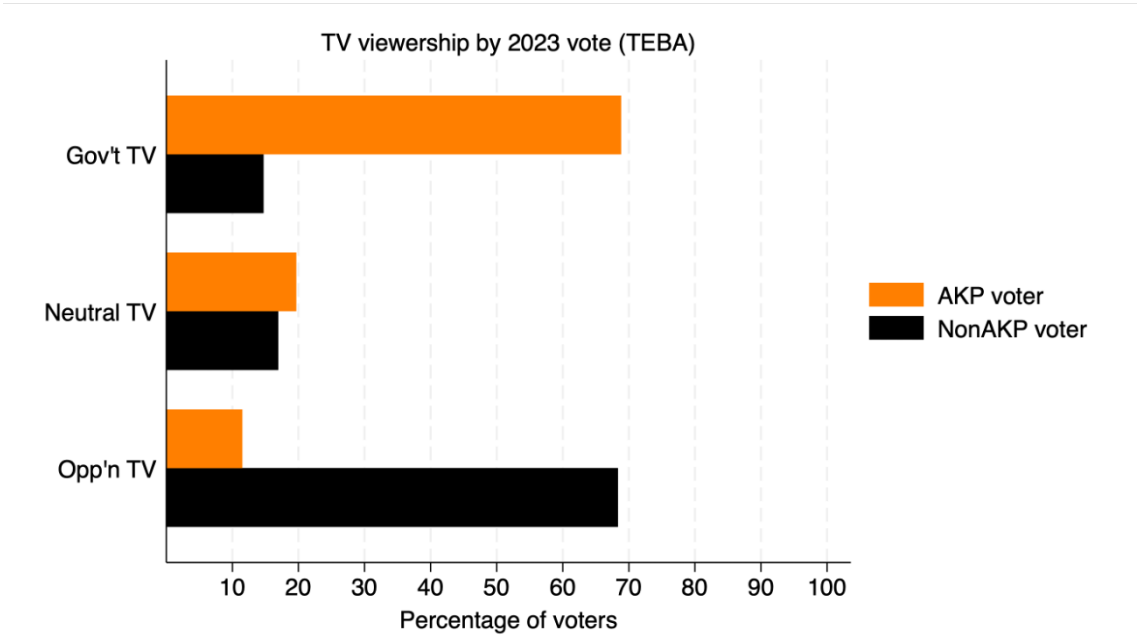


Fig. 4. **TV viewership by 2023 vote.**

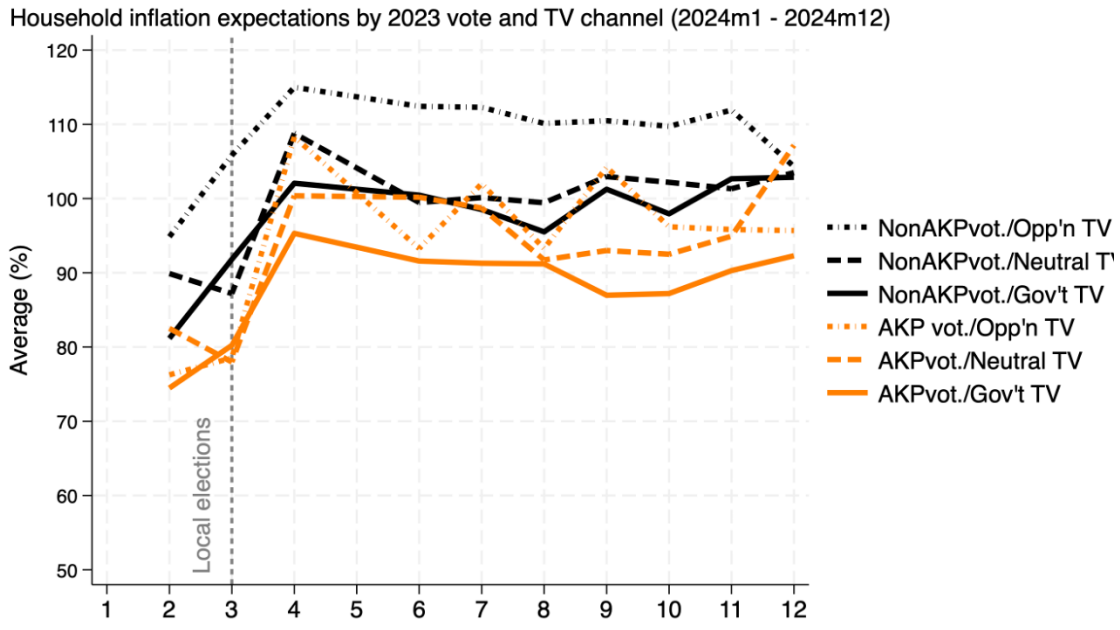


Fig. 5. **Household inflation expectations by 2023 vote and TV channel (2024m1 - 2024m12).**

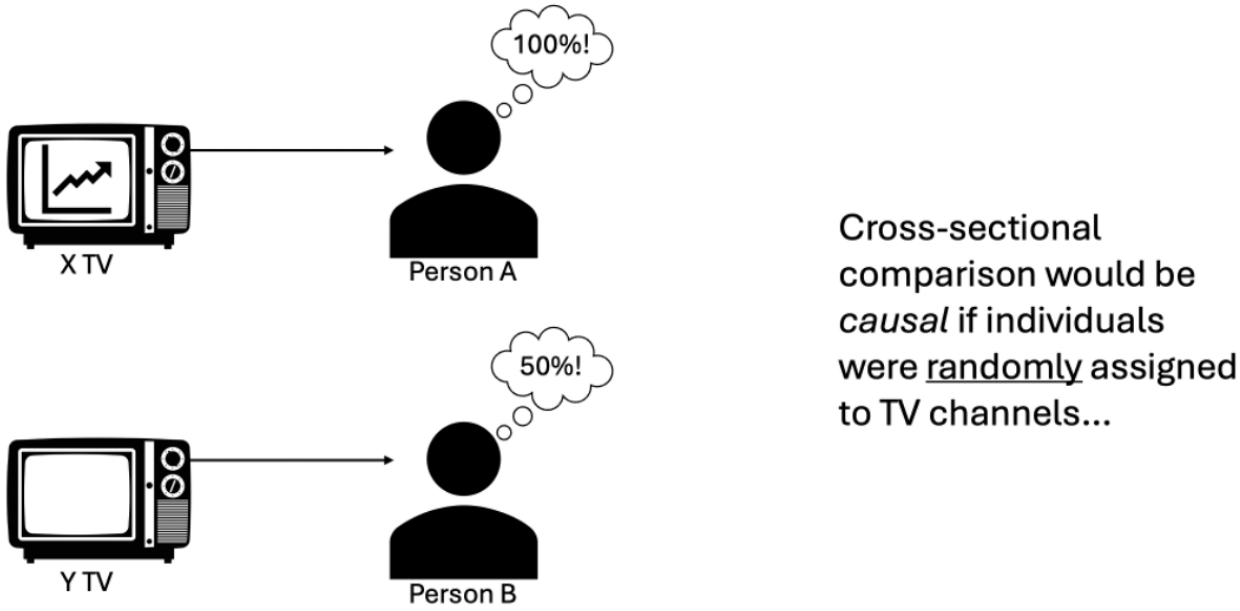


Fig. 6. **Identification problem.**

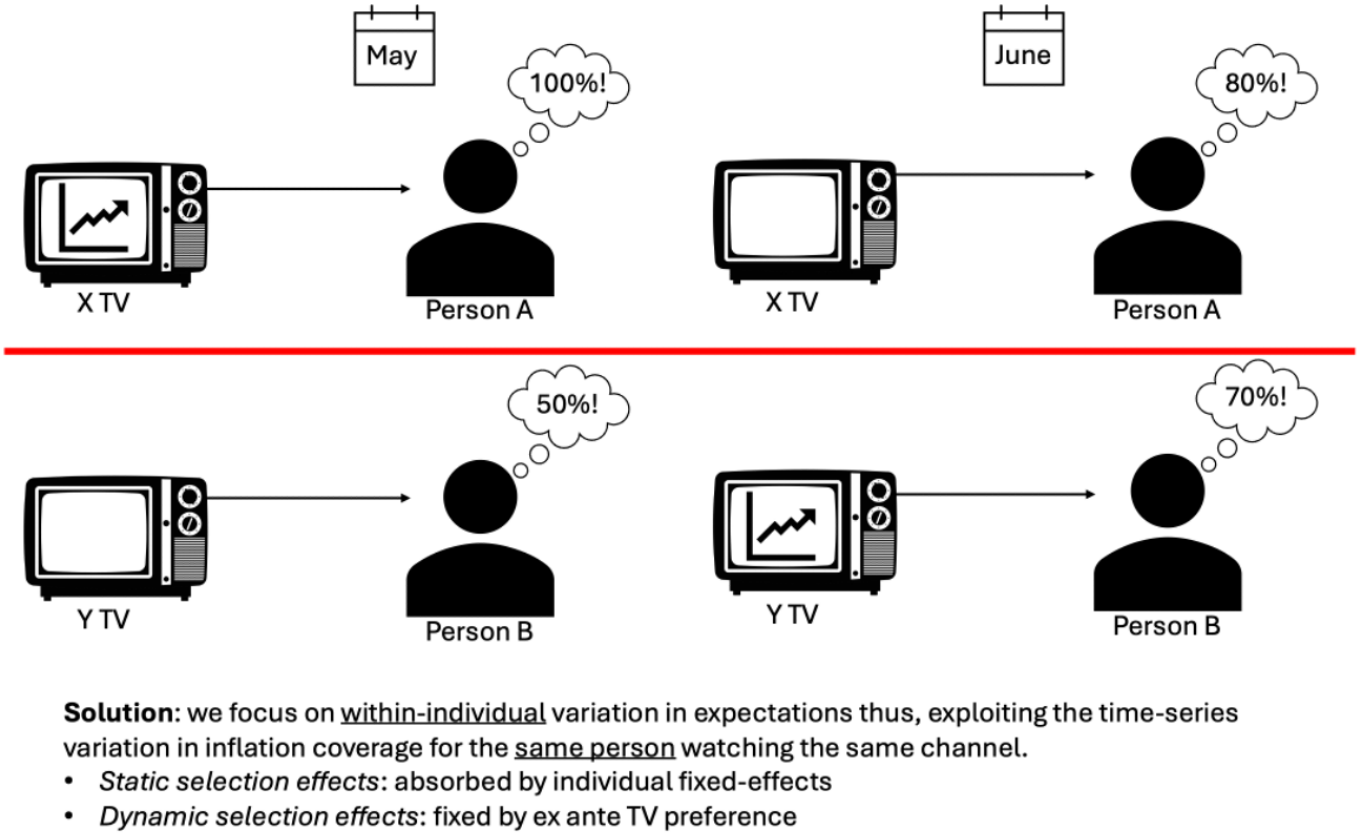


Fig. 7. **Identification strategy.**

Table 1: Mentions of Inflation on Prime-time TV News and Inflation Expectations.

Outcome ➔	(1) Inflation Expectation	(2) Inflation Expectation	(3) Inflation Expectation	(4) Inflation Expectation	(5) Inflation Expectation	(6) Inflation Expectation
Inflation Mentions on TV	3.050***	2.787***	1.655***	1.152**	1.778***	1.596***
	[0.351]	[0.366]	[0.464]	[0.523]	[0.579]	[0.584]
Individual controls	No	Yes	Yes	Yes	Yes	Yes
Individual FEs	No	No	Yes	Yes	Yes	Yes
Time FEs	No	No	No	Yes	No	No
Party x Time FEs	No	No	No	No	Yes	Yes
Province x Time FEs	No	No	No	No	No	Yes
Observations	11,887	9,253	9,188	9,188	8,644	8,545

Table 1: **Mentions of Inflation on Prime-time TV News and Inflation Expectations.**

Table 2: Mentions of Inflation on Prime-time TV News and Inflation Expectations vs. Past Inflation Experiences.

	(1)	(2)	(3)	(4)	(5)	(6)
Outcome ➔	Inflation Expectation	Past Inflation Experience	Inflation Expectation	Past Inflation Experience	Inflation Expectation	Past Inflation Experience
Inflation Mentions on TV	1.152**	0.180	1.778***	-0.217	1.596***	0.006
	[0.523]	[0.516]	[0.579]	[0.579]	[0.584]	[0.555]
Individual controls	Yes	Yes	Yes	Yes	Yes	Yes
Individual FEs	Yes	Yes	Yes	Yes	Yes	Yes
Time FEs	Yes	Yes	No	No	No	No
Party x Time FEs	No	No	Yes	Yes	Yes	Yes
Province x Time FEs	No	No	No	No	Yes	Yes
Observations	9,188	8,698	8,644	8,199	9,091	8,620

Table 2: **Mentions of Inflation on Prime-time TV News and Inflation Expectations vs. Past Inflation Experiences.**

Table 3: Mentions of Inflation on Prime-time TV News and Inflation Expectations (Controlling for past inflation experience).

Outcome ➔	(1) Inflation Expectation	(2) Inflation Expectation	(3) Inflation Expectation	(4) Inflation Expectation	(5) Inflation Expectation	(6) Inflation Expectation
Inflation Mentions on TV	1.084***	1.339***	0.645	0.850*	1.421***	1.202**
	[0.210]	[0.244]	[0.403]	[0.434]	[0.500]	[0.480]
Past Inflation Experience	0.698***	0.698***	0.534***	0.537***	0.536***	0.533***
	[0.017]	[0.020]	[0.025]	[0.025]	[0.025]	[0.024]
Individual controls	No	Yes	Yes	Yes	Yes	Yes
Individual FEs	No	No	Yes	Yes	Yes	Yes
Time FEs	No	No	No	Yes	No	No
Party x Time FEs	No	No	No	No	Yes	Yes
Province x Time FEs	No	No	No	No	No	Yes
Observations	9,547	7,227	7,132	7,132	6,713	6,636

Table 3: **Mentions of Inflation on Prime-time TV News and Inflation Expectations (Controlling for past inflation experience).**

Table 4: Mentions of Inflation on Prime-time TV News and Inflation Expectations (by channel type).

Outcome ➔	(1) Inflation Expectation	(2) Inflation Expectation	(3) Inflation Expectation
Inflation Mentions x Gov't channel	2.980	2.551	1.892
	[1.914]	[1.924]	[2.063]
Inflation Mentions x Neutral channel	5.491***	4.566***	5.069***
	[1.573]	[1.578]	[1.659]
Inflation Mentions x Opp'n channel	0.887	0.719	1.247*
	[0.545]	[0.590]	[0.646]
Individual controls	Yes	Yes	Yes
Individual FEs	Yes	Yes	Yes
Time FEs	Yes	No	No
Party x Time FEs	No	Yes	Yes
Province x Time FEs	No	No	Yes
Observations	9,188	9,091	8,545

Table 4: **Mentions of Inflation on Prime-time TV News and Inflation Expectations (by channel type).**

Table 5: Mentions of Inflation on Prime-time TV News and *Binary* Inflation Expectations (by channel type).

Outcome ➔	(1) Inflation Expectation (binary)	(2) Inflation Expectation (binary)	(3) Inflation Expectation (binary)
Inflation Mentions x Gov't channel	1.171	1.856	1.451
	[1.295]	[1.342]	[1.476]
Inflation Mentions x Neutral channel	3.989***	3.085***	3.490***
	[1.082]	[0.974]	[1.039]
Inflation Mentions x Opp'n channel	0.101	0.310	0.369
	[0.432]	[0.410]	[0.486]
Individual controls	Yes	Yes	Yes
Individual FEs	Yes	Yes	Yes
Time FEs	Yes	No	No
Party x Time FEs	No	Yes	Yes
Province x Time FEs	No	No	Yes
Observations	9,687	9,596	9,023

Table 5: **Mentions of Inflation on Prime-time TV News and *Binary* Inflation Expectations (by channel type).**

Table 6: Mentions of Inflation on Prime-time TV News and Inflation Expectations (by channel and party type).

Outcome ➔	(1) Inflation Expectation (continuous)	(2) Inflation Expectation (continuous)	(3) Inflation Expectation (continuous)	(4) Inflation Expectation (binary)	(5) Inflation Expectation (binary)	(6) Inflation Expectation (binary)
Inflation Mentions x Gov't channel x AKPvote2023	4.215**	3.192	1.706	0.912	1.431	-0.080
	[2.106]	[2.214]	[2.380]	[1.326]	[1.382]	[1.537]
Inflation Mentions x Gov't channel x nonAKPvote2023	-0.612	1.031	3.005	2.100	3.744	4.993
	[4.383]	[4.117]	[4.258]	[3.319]	[3.201]	[3.279]
Inflation Mentions x Neutral channel x AKPvote2023	8.545***	8.610***	7.809***	4.308***	4.345***	3.664**
	[2.513]	[2.559]	[2.568]	[1.549]	[1.458]	[1.424]
Inflation Mentions x Neutral channel x nonAKPvote2023	4.230**	2.945	3.652*	4.206***	2.793**	3.423**
	[1.993]	[2.058]	[2.185]	[1.469]	[1.308]	[1.435]
Inflation Mentions x Opp'n channel x AKPvote2023	0.652	0.958	0.676	-0.090	0.334	0.204
	[1.123]	[1.151]	[1.160]	[0.733]	[0.768]	[0.781]
Inflation Mentions x Opp'n channel x nonAKPvote2023	1.001	0.784	1.416*	0.054	0.229	0.496
	[0.629]	[0.702]	[0.763]	[0.494]	[0.482]	[0.591]
Individual controls	Yes	Yes	Yes	Yes	Yes	Yes
Individual FEs	Yes	Yes	Yes	Yes	Yes	Yes
Time FEs	Yes	No	No	Yes	No	No
Party x Time FEs	No	Yes	Yes	No	Yes	Yes
Province x Time FEs	No	No	Yes	No	No	Yes
Observations	8,644	8,545	8,545	9,118	9,023	9,023

Table 6: **Mentions of Inflation on Prime-time TV News and Inflation Expectations (by channel and party type).**

TV channel	Number of daily news subtitles
ATV / A Haber	418
Fox TV - Now TV	365
Haber Türk	353
Halk TV	63
Kanal 7	103
Kanal D	159
KRT	226
Show TV	358
Star TV	363
TRT	104
SZC TV	361
TV100	268
TOTAL	3141

Table 7: **Number of daily news subtitles for major TV channels in Turkey.**