

The Trend and Fluctuations in News Attention to Regulation

By: Zhoudan Xie | September 7, 2022

In brief...

This commentary presents a measure of news attention to regulation in the U.S. from January 1985 through July 2022. It suggests that regulation has been drawing increasing attention from the media during the post-financial crisis period. The news attention spiked in response to important regulatory developments and historical events with significant regulatory implications.

Regulation gets wide media coverage nowadays. The GW Regulatory Studies Center's [Regulation Digest](#) newsletter compiles articles discussing regulatory issues from major news sources every week. The topics range from congressional and presidential actions to agency rulemaking activities. Newspapers provide an important source of information that reveal not only recent and current events but also public perceptions of those events. These public perceptions, including sentiment and uncertainty about regulation, can have substantial and persistent effects on macroeconomic outcomes, as my [recent research](#) with Tara Sinclair suggests.

Did regulation always get so much news coverage? Is the media paying more (or less) attention to regulation today? What drove fluctuations in the news attention? This commentary addresses these questions by presenting a measure of news attention to regulation.

The Measurement

In our research, Sinclair and I identified a news corpus related to U.S. regulation by defining a computer-generated dictionary of regulatory terms based on titles of rules published by federal agencies. The corpus includes over 600,000 news articles from seven major U.S. newspapers published since 1985.¹ We then built a monthly index of news attention to regulation to track the relative frequency of regulation-related articles over time.

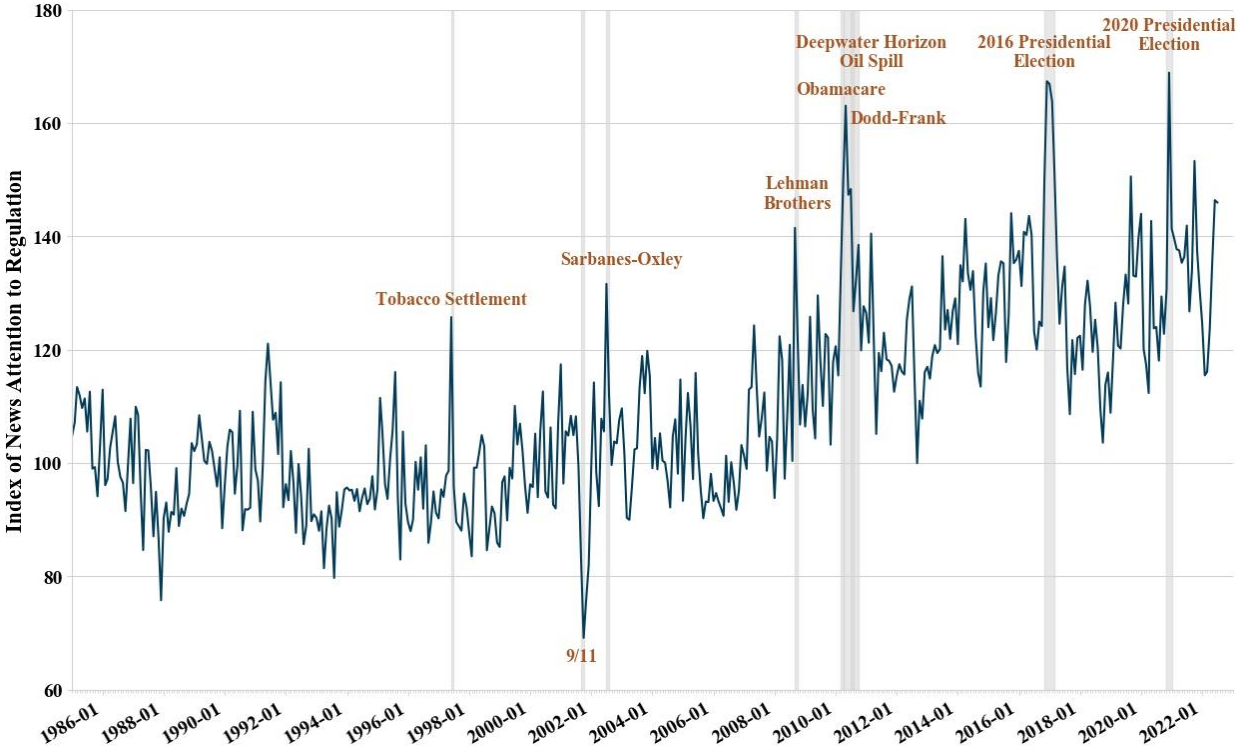
¹ The seven newspapers include Boston Globe, Chicago Tribune, Los Angeles Times, New York Times, USA Today, Wall Street Journal, and the Washington Post.

The approach for constructing the index follows [Baker, Bloom and Davis \(2016\)](#)'s seminal work on the economic policy uncertainty index. First, we scale the monthly count of news articles related to regulation by dividing it by the total number of news articles published in the newspaper in the month. Second, we standardize the scaled monthly counts to unit standard deviation from 1985 to 2009 for each newspaper and then average across the newspapers. Finally, we normalize the time series to a mean of 100 from 1985 to 2009. More details on the methodology for constructing the measure can be found in our [working paper](#).

News Attention Trend

Figure 1 plots the monthly index of news attention to regulation from January 1985 through July 2022. Although the news attention fluctuated over time, there is an overall increasing trend in the index, especially since the 2007-08 financial crisis. For the pre-crisis period (1985-2006), the index largely floated around the normalized mean 100. The news attention to regulation jumped after the financial crisis, reaching approximately 24 percent higher than the pre-crisis mean during 2009-2015 and 31 percent higher during 2016-2022. The coverage on regulatory issues in newspapers today (based on data for July 2022) is nearly 40 percent higher than that in 1985.

Figure 1: A Monthly Index of News Attention to Regulation



Note: The index controls for the total number of articles published in each newspaper and is normalized to a mean of 100 from January 1985 to December 2009.

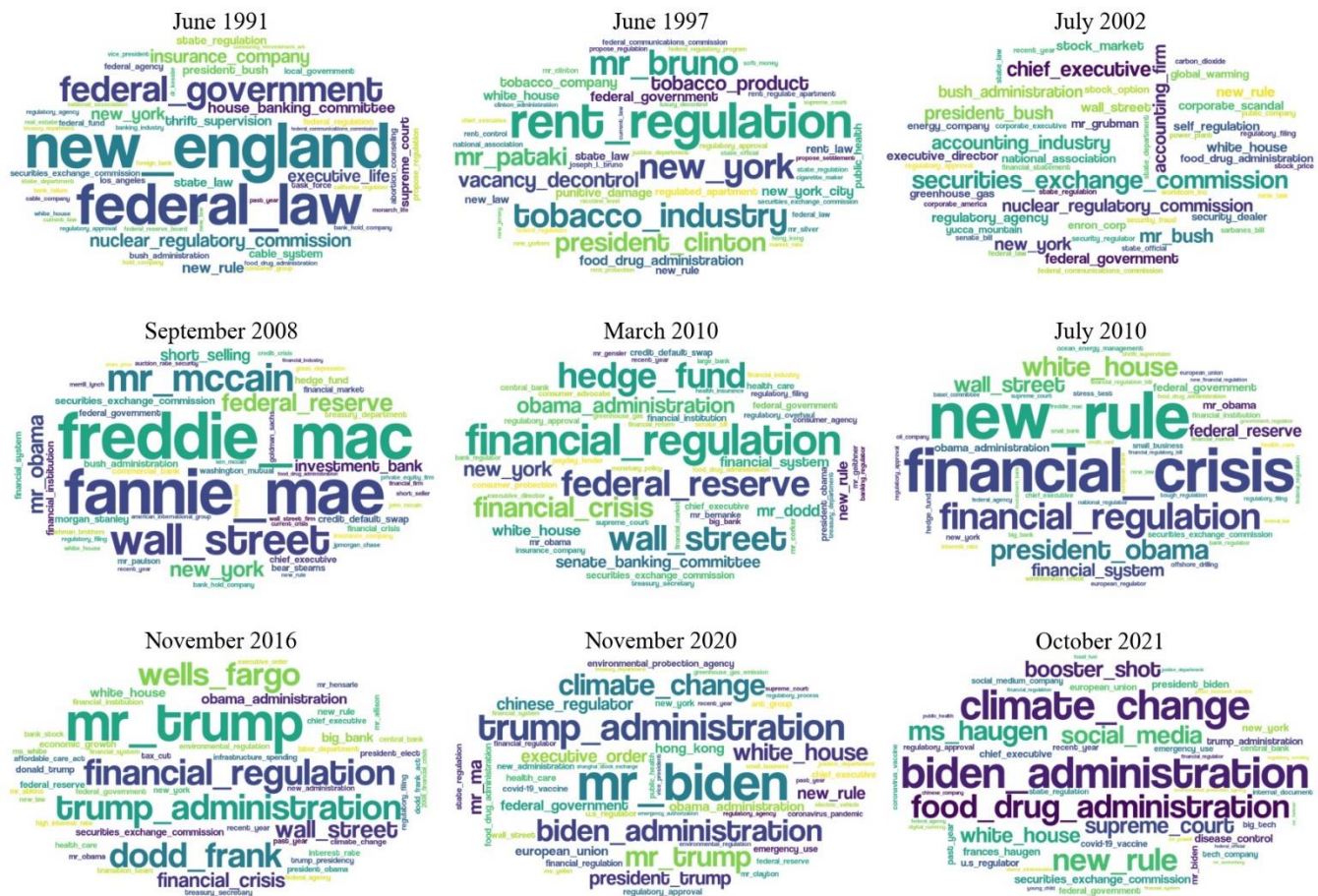
Because the measure controls for the total number of news articles published in each newspaper in each month, this increase is not due to a higher publication volume but more news attention to regulatory issues

relative to the other content. This trend not only suggests that regulatory policy has become an increasingly popular subject among journalists, but also implies that regulation has become more relevant to the general public.

News Attention Spikes

The index also suggests interesting dynamics in terms of large fluctuations in news attention to regulation. Large spikes and drops in the index can be caused by various factors, but they mostly coincide with salient historical events. Figure 2 shows the word clouds from the regulation-related news content published in the months with large news attention spikes. Each word cloud contains the 50 most common noun phrases in the relevant sections of the articles, defined as all the sentences that mention “regulat*” or “deregulat*” and their neighbor sentences.

Figure 2: Word Clouds for Months with Large News Attention Spikes



Note: Each word cloud contains the 50 most common noun phrases in the regulation-related sections of the articles published in the given month. Noun phrases are two- or three-token “noun chunks” as defined by [spaCy](#).

The word clouds suggest that news attention to regulation rose in some months in response to important regulatory developments or historical events with significant regulatory implications. For example, the [Regulatory Studies Center](#)

spike in June 1997 is likely related to the [tobacco settlement](#) and the [Rent Regulation Reform Act](#) of 1997 passed in New York, as suggested by the terms “tobacco industry,” “rent regulation,” and “vacancy decontrol”. News attention also reacted to the passage of the Sarbanes-Oxley Act in July 2002, which authorized the Securities and Exchange Commission to issue new regulations on auditing and disclosure requirements for public companies. The word clouds for 2008 and 2010 primarily point to the financial crisis and the subsequent regulatory responses including the passage of the Dodd-Frank Act (July 2010). Interestingly, the two most recent presidential elections triggered the two largest increases in news attention to regulation (in November 2016 and 2020), a phenomenon not observed for the past elections.

Not all fluctuations in news attention can be traced to specific events though. It is less clear what drove the increases in June 1991 and October 2021, according to the word clouds. A considerable amount of news coverage in June 1991 was related to the collapse of the Bank of New England that occurred earlier that year, including [heated debate](#) about regulators’ role in the bank failure. The increase in October 2021 marks the highest point since President Biden took office. Part of the discussion in the news was centered around regulatory approvals of [Covid-19 boosters](#). However, there were also substantial discussions on various issues related to climate change, reflecting one of President Biden’s policy priorities.

Conclusion

The measure of news attention to regulation suggests that regulation has been drawing increasing attention from the media during the post-financial crisis period. Historical events that have important regulatory implications, such as the passage of influential legislation and elections, spurred news focus on regulation historically. The trend and fluctuations in this news attention could reveal valuable information about changes in the U.S. regulatory environment. That also motivated my [research](#) with Sinclair to investigate the content of relevant news articles and its implications for the macroeconomy.