

Mass media is expected to deliver neutral news as a watchdog over people in power. However, to obtain accurate information, the media also relies on people in power who serve as a news source, creating a tension between the neutrality of news and the accuracy of collected information. To examine the quality of watchdog journalism, we present a model of media bias wherein a news source decides whether to grant information access to each media outlet. We show that the presence of a news source does not distort the editorial policy of a monopoly media outlet but does so when duopoly outlets compete for attracting consumers. Competing media outlets randomize whether to be a watchdog or a yes man by choosing editorial policies distributed over two distinct segments of small and large pro-source biases. Yes men, which arise as an equilibrium outcome, can make the presence of news source harmful to consumers.

Keywords: Media competition; News source; Bias; Differentiation; Two-sided market