

# SENSATIONALISM, NEWSPAPER PROFITS AND THE MARGINAL VALUE OF WATERGATE

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## Abstract

Newspaper publishers supposedly profit some sensational events. Focusing on the two different products sold by publishers, newspapers and advertising space, this paper shows why sensational events do not necessarily increase publishers' wealth. It also uses financial market analysis to examine the wealth effects of one sensational event, Watergate, on a portfolio of newspaper stocks and on the Washington Post in particular. No significant effects are found.

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