MEDIA COVERAGE OF THE NEW ECONOMY

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by
ELIZABETH GILL

Dr. Wayne Wanta, Thesis Supervisor

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The undersigned, appointed by the Dean of the Graduate School, have examined the thesis entitled.

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And hereby certify that in their opinion it is worthy of acceptance.

Martha M. Steffens

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I. Introduction

The late 1990s were a period of unprecedented economic growth. In March 1999 the Dow Jones Industrial Average passed the 10,000 mark, setting a record for the stock market. Journalists celebrated the event with blaring headlines and event-like television specials live from the floor of the New York Stock Exchange. The Nasdaq Composite Index broke records when it hit 5048.82, an all time high, on March 10, 2000. New companies and new, unregulated industries were exploding on the scene. Niche cable channels like CNBC became mainstream media outlets and bullish investors became media celebrities. Nearly half of American households were invested, either through 401 (k) plans, fund shares or stocks. By 1999, there were 37,129 investment clubs in the country, compared to 7,085 in 1990 (Kurtz, 2000).

This research will explore different aspects of financial journalism with the intent of eventually determining whether there was a significant level of negative business news coverage in 2000 and 2001 relative to the deteriorating market conditions. In an effort to identify past predictions of change, this thesis will provide an overview of business journalism through historical periods of significant economic activity. In an attempt to understand the dynamics of the business-journalist dialogue, this thesis will explore the traditional relationship between big business and journalists.

Following the crash, the desperate search for accountability began, and many media organizations were blamed for promoting the “irrational exuberance” of the late 1990s. Additionally, media companies were charged with compromising their ethical integrity in their use of certain sources, particularly stock analysts whose recommendations were flawed by conflicts of interest.

This research will explore different aspects of journalism about business with the intent of eventually determining whether business coverage paralleled the deteriorating market conditions in late 2000. This research will specifically focus on consumer media that covered business conditions, as opposed to financial journals that regularly deliver economic news and analysis to sophisticated investors.

In an effort to identify past predictions of change, this paper will provide an overview of business journalism through historical periods of significant economic activity. In an attempt to understand the dynamics of the business-journalist dialogue, this paper will explore the traditional relationship between big business and journalists.

The purpose of this research is to identify any change in tone as the economy began its downslide leading up to the stock market crash in April 2001. Tone will be defined as negative, positive or neutral expressions in news content. This study will extend existing knowledge of the business-journalist dialect and, more specifically, will further the understanding of how journalists covered the economy during the late 1990s.

News for the purpose of this research will be limited to editorial found on the business pages of major market newspapers, within weekly newsmagazines and within the evening network newscasts. News about the economy will be defined as information specifically devoted to business and finance.

II. Review of Literature

Between early 1998 and February 2000, the Internet sector earned more than 1000 percent return on public equity. By February 2000, the Internet sector equaled 6 percent of the market capitalization of all publicly traded companies in the U.S., and 20 percent of all publicly traded volume. But by the end of 2000, these returns had disappeared entirely (Ofek and Richardson, 2003). Ofek and Richardson speculate that support for the Internet bubble came from optimistic investors and traders who believed that stock prices would continue to rise. Towards the end of 1999 and during the spring of 2000, investors were free to sell stock because of the unwinding of lockup agreements, which set restrictions on the time periods in which shares may be sold. Pessimistic and neutral investors began to overwhelm the optimistic investors while pessimistic outlooks on future prices of the Internet stocks began to be factored into stock prices. The volume of stocks sold combined with these factors led to the fallout.

The National Bureau of Economic Research's Business Cycle Dating Committee has determined that a peak in business activity occurred in the U.S. economy in March 2001 (NBER, 2001). A peak marks the end of an expansion and the beginning of a recession. According to the NBER, the determination of a peak date in March is thus a determination that the expansion that began in March 1991 ended in March 2001 and a recession began. That expansion lasted exactly 10 years, the longest period of economic expansion on record in NBER's chronology (NBER, 2001).

Wood (1985) found that most people are exposed to a great deal more information about economics through news coverage than through all of their classroom experience, from elementary school through college. Furthermore, several researchers have found evidence of media effects on consumer sentiment with regard to the economy. For example, Blood and Phillips (1995) analyzed the relationship between consumer sentiment and recession headlines. Their results showed a strong relationship between the two, indicating that increases in the number of recession headlines clearly depresses consumer sentiment. But perhaps more importantly, they found that the actual state of the economy as represented by an index of leading indicators provided by the U.S. Department of Commerce did not appear to influence consumer sentiment, suggesting consumers were not forming their opinion of the economy based on direct experiences, but through impressions derived from the media.

This literature review will attempt to establish a reference for the traditional relationship between big business and journalism. Any findings suggesting the media were either a success or a failure in identifying indicators of a market crash are irrelevant without an understanding of the media's history on this subject. In an effort to identify past predictions of change, this thesis will provide an overview of business journalism through historical periods of significant economic activity. Next, this paper will look specifically at evaluations of business journalism during the late 1990s and proposed solutions for improvement to business media coverage. This thesis will also explore the impact the financial media have had on affecting consumer sentiment towards the economy. While this study will not attempt to measure the effect the financial media had on consumer sentiment during the late 1990s, the media's past influence is relevant in justifying the media selected for content analysis.

Theoretical Framework

The research is intended to answer the following question: did positive news about the economy outpace negative news during the second half of 2000, even though the economy was declining?

This research will be grounded in the basic premise of agenda setting, which says the kinds of things people discuss, think and worry about is powerfully shaped by what the news media choose to publicize (Larson, 1994). More specifically, this research will focus on how the media choose to portray the issues they cover, also called framing analysis (Wimmer and Dominick, 2000).

Agenda-setting is the process by which relative attention to items or issues and attribution of significance influences the rank order of public awareness of issues and attribution of significance. As an extension, effects on public policy may occur (McQuail, 2000). The agenda-setting hypothesis asserts that the news media's agenda of issue priorities will, after they have been covered for some duration, be adopted by the public as their own agenda of salient issues (Salwen, 1988).

According to Maxwell McCombs, who conducted the seminal agenda-setting study during the 1968 U.S. presidential election, agenda-setting is not about the determination of opinions about a particular issue, but the transmission of salience. At any point in time, there are only a few major issues that command the attention of the media and the public. More than 30 years of research has produced significant evidence about the influence of the news media on the public agenda (McCombs, 1997).

Wanta and Hu (1994a) studied the potential variables in the agenda-setting process. Using a path analysis, they found that credibility of sources of information leads to reliance on news media for information. According to their agenda-setting model, individuals first form opinions regarding the relative believability and community affiliation of the news media. Next, individuals develop degrees of reliance on the media based on their opinions of credibility. If individuals perceive the news media to be highly credible, they tend to become highly dependent on the media for information (Wanta and Hu, 1994a).

Some research suggests that the type of issues covered by the news media will have an impact on the news media's agenda-setting effect. Yagade and Dozier (1990) found that the more concrete an issue (drug abuse and energy in their study), the more likely media coverage will affect perceived salience of that issue. Specifically, the amount of media coverage affects the perceived salience of concrete issues, while the amount of media coverage does not affect the perceived salience of abstract issues (described as the nuclear arms race and the federal budget deficit in their study). Issue abstraction, according to Yagade and Dozier, is in the eye of the beholder and is a construction.

Some research has shown evidence of agenda agreement within communities based on shared media consumption patterns. Shaw and Martin (1992) found that the news media work to bring some groups together. For example, in their study of key groups' agreement on social issues as an outcome of being exposed to the news media, they found that men and women who read newspapers most heavily (four to seven days per week) agreed with each other completely on the list of four issues studied. Additionally, the heavy reading women and men highly correlated with the news media (.80 correlation). (Shaw and Martin, 1992).

Behr and Iyengar (1985) detected evidence of agenda setting by television. They also found that this effect was one-directional. Media coverage boosts public concern but public concern does not, for the most part, alter the level of coverage.

It is generally accepted that mass media effects take time to appear (Eyal, Winter, and DeGeorge, 1981). Wanta and Hu (1994b) found in their study of five news media that television coverage had a shorter optimal time-lag than newspapers. However, the more immediate effect of television news quickly deteriorated, and newspapers had a stronger long-term agenda-setting effect. Wanta and Hu (1994b) also found that national and regional media had a more immediate impact than local media.

Several researchers have found evidence of the agenda setting role of the financial media in particular. Wood (1985) found that most people are exposed to a great deal more information about economics through news coverage than through all of their classroom experience, from elementary school through college.

Blood and Phillips (1995) analyzed the relationship between consumer sentiment and recession headlines. Their results showed a strong relationship between the two, indicating that increases in the number of recession headlines clearly depresses consumer sentiment. But perhaps more importantly, they found that the actual state of the economy as represented by an index of leading indicators provided by the U.S. Department of Economic Indicators (i.e., stock prices, unemployment statistics, interest rates, etc) did not appear to influence consumer sentiment, suggesting that consumers were not forming their opinion of the economy based on direct experiences, but through impressions derived from the media.

In recent years, the most popular subjects in agenda-setting research are how the media agenda is set, known as agenda building, and how the media choose to portray the issues they cover, also called a framing analysis. Framing analysis recognizes that the media can impart a certain perspective or "spin" to the events that they cover and this, in turn, might influence public attitudes on an issue (Wimmer and Dominick, 2000).

Source use has had an impact on the media's ability to anticipate significant economic events, in addition to the manner in which business news is framed. In their content analysis of media coverage leading up to the market crash of 1987, Lasorsa and Reese (1990) found that the use of different sources would have an impact on the way news organizations framed the crash. The study found that the most used sources are government officials and other powerful people, described as business, Wall Street affiliation, academic and foreign sources.

Shaw and Martin (1992) point out that nearly all texts suggest a person is most likely to "make the news" if you are prominent, doing something important, and live close by. They argue that reporters are most likely to watch those already in power, rather than those who might be challenging that power. Their research shows that the press relies upon news from official sources. "Like government inspected meats, most reporters use grade A prime sources and therefore reflect top choice agendas" (Shaw and Martin, 1992).

The regular and practically exclusive use of corporate CEOs as sources by major media organizations in the late 1990s may have contributed to the abundance of favorable market analyses. McShane (1995) evaluated the occupational, gender, and geographic representation of information sources in feature articles in *Fortune, Business Week,* *Canadian Business,* and *Report on Business Magazin*e. He found that journalists relied heavily on senior business executives in their coverage. He also found that business magazine journalists rarely use non-managers as information sources, especially in the U.S. magazines. In the U.S. magazines, non-management sources made up less than 5% of total sources.

McShane (1995) argues that business magazine writers are willing to rely on public relations images that CEOs portray, even though lower-level managers often have more accurate and often less favorable perspectives. McShane (1995) found that limiting source use to an elite few restricts the point of view of lower level sources that may frame an issue differently or change the agenda altogether. He maintains that journalists “systematically seek information from particular groups with limited perspectives and opinions” about news items and events (McShane, 1995). According to McShane, the dominant theory states that elites "gain disproportionate access as information sources through their social, political, and economic power, and consequently, are better able to shape public perceptions to their liking.” (McShane, 1995, p. 191). Futhermore, McShane believes that journalists cite these elite sources because it validates and increases the social status of their news stores (McShane, 1995).

Source use came under the scrutiny of securities officials and media watchdogs following the market crash in the late 1990s. In 2002 the New York Stock Exchange announced a plan to stop Wall Street analysts from talking to newspapers, television networks and other media outlets who do not disclose the analysts’ potential conflicts of interests in their reports (Berenson, 2003). The same year Gretchen Morgenson of the

New York Times won a Pulitzer Prize for beat reporting on the conflicts of interest that can compromise recommendations by professional stock analysts.[1]

Business Journalism throughout U.S. History

Media enthusiasm for an active marketplace is not new. And journalists' failure to recognize indicators of a crash dates back to the collapse of the stock market in 1929. Bow (1980) found through his analysis of the *New York Times'* daily "Financial Market" column between October 13 and November 13, 1929, the period leading up to and immediately following the 1929 stock market crash, that although there were indicators of a crash in 1929, the experts had trouble interpreting the indicators. Reporters and editors had difficulty in making their own interpretations because they were unable to find experts who could provide analyses as well as facts. The apparent lack of expert opinion was a challenge to reporters of economic news in 1929. Bow (1980) suggests that the press can't find experts to provide answers to complex economic questions. And even if they can, the press may not be interested in seeking out experts whose opinions may clash with the media's perception of what is happening (Bow, 1980).

There appears to be a consensus between the major news networks on the perception of big business, depending on the economic cycle at any given time. Dominick (1981) found that the networks spent the most time on the industries with high sales volume and those that had a large impact on the audience.

[1] Note: The New York Stock Exchange has since backed away from its plan, after newspapers complained that the NYSE had no right to try to regulate whether its members could talk to them and said the proposal might violate the First Amendment (Berenson, 2003).

Less visible enterprises got less attention. He also found that business news was covered to about the same extent as other major news categories and that negative news did outpace positive news.

Lawrence (1988) complains of inadequate business reporting leading up to the 1987 stock market crash. He points out that the emphasis on the routine business beat during the bull market of the 1980s led to inconsequential daily coverage. While investor and market analysts warned of an overheating market, the traditional pattern of interviewing the same familiar sources on a daily basis led to shallow analyses that did not properly predict the impending doom (Lawrence, 1988).

Griggs (1968) evaluated newspaper performance on recession coverage in five major metropolitan newspapers beginning at the onset of the 1957-58 recession. Griggs found that the newspapers as a group did not increase their coverage of economic affairs and that the papers did not call readers' attention to deteriorating business conditions by increasing coverage of the national economy. However, the study did find that content dealing with the national economic condition grew less optimistic. So while the papers did not make a quantitative effort, they did make a qualitative one (Griggs, 1968).

But Griggs (1968) guessed that journalists in the future might have more indicators available to them because the U.S. Department of Commerce in 1961 began publishing a monthly report, called Business Cycle Developments, which provides economic indicators. This suggests that the tools for evaluating economic conditions have become available over the years but are not used to their greatest extent, since business journalism of the 1990s most likely would have failed Griggs' (1968) test as well.

It is possible however that the media over time became reluctant to warn the public for fear of setting off a recession. While some might argue that it's important to keep the public aware of national economic indicators regardless of the tone, Wu, et al (2002) found that some economists and public opinion analysts have criticized the media for damaging the already weakened economy of the early 1990s with negative news stories.

Journalists can become trapped in their media rhetoric. While Madrick argues that the media stood by their "brainchild" in defending the new economy of the late 1990s long after it started to sputter, Wu, et al (2002) suggests that in the early 1990s the news media continued to indulge themselves with recession-related topics and were not sensitive to the economic rebound (Wu, et al, 2002).

The Historical Relationship between the Media and Big Business

In 1975, Ralph Nader called upon journalists at a meeting of the Society of American Business Writers to "provide a qualitative analysis that tells what is really going on in the economy" (Nelson, 1990, p. 28). The public demand for news about business and the economy was growing, in part because of President Nixon's wage-price controls. Nelson (1990) found that while public concern for matters of business, finance and the economy was increasing, coverage of the issues was lacking.

Some credit the *New York Times'* "Business Day" as the blueprint for today's local and national newspaper business coverage. At the time of its creation, Adolph Ochs believed business needed a different kind of coverage:

> "The neglected non-sensational departments of news were quietly and unostentatiously improved in the *New*

> *York Times* and made as far as possible complete – such as financial news, market reports, real estate transactions, court records, commercial and educational news…Altogether the task undertaken was to tell promptly and accurately the happenings and occurrences that were not sensational but were of real importance in people's routine affairs." (Nelson, 1990, p. 25)

The birth of the *Times'* "Business Day" as a daily column in May, 1978, had effects on other dailies. Nelson (1990) found that within a year of the start of "Business Day," the *Chicago Tribune* and daily newspapers in Washington, Los Angeles, Philadelphia and Atlanta expanded their business coverage.

The modern day romance between business and the media in the late 1990s is a stark contrast to the traditionally antagonistic relationship between the two. Journalism professor Joseph Dominick once referred to the relationship as "two scorpions in a bottle; cowboys and Indians." (Siddons, 1985, p.3). A Prudential Insurance company chairman once exploded, "most of us are fed up with glib, shallow, inaccurate reporting and editing – tired of journalistic tastes which prefer sensationalism above the fundamental" (Siddons, 1985, p. 3).

When Sethi (1977) started his study, business leaders were complaining that journalists were economic illiterates, that there was inadequate coverage, and that newspeople had an anti-business bias. Sethi interviewed executives at Prudential Securities and Mobil Oil. He also spoke with editors at *Newsweek*, *The New York Times*, *Atlantic Monthly* and *Time,* as well as news directors at large TV networks like CBS. As expected, the business executives generally said that the media had an accusatory tone and provided inadequate coverage. Naturally, print editors and broadcast news organizations for the most part denied their coverage was slanted, and in the cases where improvements might have been necessary, the media offered reasons why some coverage might have seemed one sided. For one thing, the media argued, senior business executives rarely made themselves available to the media as sources. In some extreme cases Sethi (1977) found media executives accused the business executives of trying to muzzle bad news instead of trying to correct the cause. And some say business simply wants the media coverage on its own terms. Take for example the announcement from General Motors on April 11, 2005 in which the company said it was temporarily suspending its advertising in the Los Angeles Times in protest to unfavorable reporting on the company. Other media spokespeople attributed inadequate coverage as due to a low priority assigned to coverage of business and poor quality of reporters (Sethi, 1977).

Dominick (1981) found the media have countered criticism that business news is overly critical with the argument that a newscast is meant to highlight a departure from the ordinary, and that negative or illegal business practices would fall into that category. And to further support the media's position, Easterbrook (1989) attributes the seemingly endless flurry of negative news to the fact that almost any seemingly positive business announcement can have a negative but legitimate angle. For example, if the unemployment rate goes down, the media might rightfully portray this news as negative, given that such an announcement might drive the Fed to increase interest rates.

Harrington (1989) argued that additional coverage given to bad economic news is appropriate because bad economic news is more important or newsworthy than good economic news. However, Harrington's research suggests that if the networks overemphasized bad economic news, it would give the public a distorted perception of economic reality (Harrington, 1989). To that point, exaggeration of a positive situation would portray an equally distorted reality.

In the cases where business executives were satisfied with media coverage, it seemed that business news was positive or at least not outright inflammatory. In most studies the criticism is aimed at national media organizations and is waged by large, nationally recognized companies. But Rippey (1981) decided to explore the relationship between local news organizations and local business people. He found through an analysis of dailies in Pennsylvania and 220 metropolitan papers that a majority of news was found passively through business owners. His interviews with local business owners and chamber of commerce workers showed that the more often the respondent's firm or chambers were mentioned in local newspapers, the more favorable the executive’s perception of local business coverage. The majority had a favorable view of the quality of local news coverage. What this suggests is that business leaders don’t necessarily hold all journalists in contempt, just those who write unfavorable stories that expose the negative aspects of business.

Despite the volatile history of the business-media relationship, the press has overlooked criminal and fraudulent behavior in some cases. Bennett (1981) found that the press coverage of business crime in 1980 was limited in its effort to expose criminal business activities compared to the severity of some violations. Bennett (1980) finds fault with the press’ limited enthusiasm after a California jury awarded a man more than $100 million in damages for burns he suffered when his Ford Pinto exploded on impact. The jury believed Ford was aware of design flaws that would allow for such an explosion. Yet despite the crime, the award, and the fact that 2.5 million Pintos were on the road at the time in the U.S., the media attention was limited.

Some, like Madrick (2002), would argue the media played almost no role in predicting the collapse of Enron or exposing the details of the fall. Madrick (2002) complains that journalists are hiding behind the complexities of the Enron collapse to avoid reviewing the process of what went wrong with the media coverage of a corrupt company.

Perhaps history plays into journalists' reluctance to take big business on. The Fort-Worth Star Telegram exposed a design flaw in Army helicopters, flaws that resulted in accidents where more than 250 U.S. servicemen had been killed. The threatening tactics used by the helicopter's manufacturer to discourage the story included a boycott of the paper by more than 1,200 readers (Siddons, 1985).

Threats to investigative journalism were real during the late 1990s as well. At the height of the boom, journalists who attempted to blow the whistle on possible corruption in the corporate suite were muzzled by pressure from angry executives and uncomfortable publishers. The threats were substantial and they brought into question the health and purity of business journalism in the late 1990s. When journalist Bethany McLean wrote a critical piece on Enron for *Fortune* magazine, Enron management called *Fortune* to complain. *Fortune* held its ground but, Madrick (2002) suspects, companies like Enron had the power to discourage certain coverage using an "old trick" in business journalism : "accuse a young journalist of being too inexperienced to understand the complexities in the boardroom in order to discourage certain stories" (Madrick, 2002).

Coverage of the Economy and Indirect Media Effects

Mackuen et al (1992) claim that individuals rely on economic forecasts available in the mass media. Their survey evidence suggests that exposure to favorable or unfavorable business news is linked to business expectations.

Mutz's (1992) work supports claims that the media shape economic evaluations. She found that individual perceptions of unemployment are, at least in part, a function of the amount of local newspaper coverage devoted to the unemployment issue. But perhaps even more important is Mutz's finding that the media can weaken the impact of personal economic experiences on an individual's assessment of the economy. For example, she observed that the "inescapable impact" of job loss on an individual's life, but she suggests that reading about unemployment in a newspaper may have a greater consequence on an individual's political point of view. The analysis is significant because it implies that individual assessments of the economy are based not only on real economic conditions, but also on the amount and tone of media coverage dedicated of the economy.

In their synthesis and analysis of research on the media's effect on public opinion, Goidel and Langely (1995) found that it appears individuals may pick up cues about the general direction of the economy without picking up any "hard" economic information. Evaluations of the economy appear to be "impression-driven" as opposed to data-driven (Lodge, McGraw, and Stroh, 1989). Goidel and Langely (1995) found that voters develop a general impression of whether the economy is improving or declining even if they cannot identify the unemployment rate or the inflation rate. The authors emphasize that if individuals are going to make inferences about the state of the economy without specific information, they must be given accurate impressions of the economy. However in their content analysis of the front page of the *New York Times* from 1981-1992, Goidel and Langely found that positive coverage of the economy tends to be much less tied to changes in real economic conditions than negative coverage. The authors charge "that news coverage of the economy imperfectly reflects economic reality leaves open the possibility that media coverage may exert an independent effect on public evaluations of the national economy."

Media Coverage of the "New Economy"

Some critics believe that the "new economy" was nothing more than an illusion created by Wall Street and the media, and that there was, in fact, nothing really "new" about the economic growth of the late 1990s. Madrick (2001) found that the rate of productivity growth over the entire business cycle of the 1990s was significantly lower than it was in almost all business cycles since the Civil War. He also found that the phrase "new economy" has been used since the 1970s. When the nation's economic performance was strong, references to the "new economy" were frequent. When the economy was weak, the term was used less often. But Madrick (2001) found that the term really stuck in the 1990s when the media, Wall Street and policymakers had to come up with a concept to explain the dramatic economic growth. He found that by the late 1990s, the term "new economy" referred to the Internet, but in reality the Internet's contribution to economic growth was relatively small. E-commerce made up less than 2% of all transactions in 2000 (Madrick, 2001).

Because the “new economy” was, to some extent, an invention of the media and Wall Street, opposing views were not given equal time within the American business press and on popular financial programs on cable television (Madrick, 2002). The new economy was profitable for the media. Madrick (2002) found that the value of ad pages bought to promote Internet services rose by 183 percent in 2000 over 1999, to nearly $180 million. He also found that finally as the economy started to sputter, there were reaction stories, but that the media stood by their “brainchild” in defending the new economy. Overall, Madrick (2002) found that the business media did occasionally question the new economy, but did not provide a counter-argument to the new economy rhetoric. The media “carried the new economy over-enthusiasm along, reinforced it and significantly amplified it” (Madrick, 2002, p. 9).

As Madrick (2002) suggests, the hysteria surrounding the exploding stock market was perpetuated if not invented by the media. Kurtz (2000) explains that the power and influence of a journalist in the financial arena is extraordinary. When journalists cover politics, their outside role is clearly defined. Kurtz points out that one single journalist cannot affect White House politics through one analysis or commentary. He accepts that several news organizations acting in unison can put an issue on the agenda, but that overall, their influence is minimal. But Kurtz goes onto explain that in the business arena, financial journalists are “players” and their immediate effect can be measured by the price of a stock. One single negative story, truthful or not, can cause a stock to drop rapidly in a matter of minutes. Kurtz’ (2000) analysis of media coverage of the new economy highlights some key examples of the power of the financial media at the height of the dot.com boom. For example, on March 19, 1997, Business Week reported on its

Website that "sources say" "Yahoo! Is hot to snap up Broadcast.com." Maria Bartiromo of CNBC picked up the report. Broadcast.com stock jumped 31 points, and Yahoo! bought the company soon afterward. (Kurtz, 2000, p. 108).

As was the case with several earlier reversals of the market, the media were too caught up in their own frenzy to see ahead of the curve and identify indicators of a crash. Carroll (1996) criticizes the media for reporting economic news bit by bit and argues that the popular media offer little more than generally vague impressions of the economic conditions. Carroll (1996) says that the shortcomings in media substance have created what he calls an information vacuum, one that has been filled with political talk shows that feature one-track-minded assessments of the impact of economic changes. Carroll (1996) writes "these news slivers, an unemployment rate here, a GDP growth rate here, are given no frame of reference, nor is their significance explained." (Carroll, 1996, p. 829)

Ezrati (1995) argues that the erratic and sometimes illogical market movements coupled with the unforgiving deadlines imposed on reporters generally result in business news that offers little insight. He points out that very often reporters produce what the reader thinks are cause and effect analyses that in reality are only surface descriptions based on logical but useless statements. For example, an author's argument hypothetically applied to the oil industry would read something like, "gas prices are up because consumers are driving more on a yearly basis." Yes, greater demand for gas would cause prices to go up, but Ezrati argues (1995) financial reporting is not going one step further to explain why people are driving more in the first place. Ezrati's (1995) point is that the reader does not need to know about the logical supply-demand imbalances, but what causes these imbalances. While he acknowledges that market conditions cannot always be explained on a day-to-day basis and are best understood, if at all, through time, he suggests that readers stay cognizant of the weaknesses in some explanations (Ezrati, 1995).

Those who viewed the stock market with skepticism fell victim to the Spiral of Silence. Kurtz uses one notoriously bearish investor as an example. He tells the tale of Barton Biggs, who never felt as confident in the market from a long-term perspective as some of his contemporaries. As Kurtz describes, an anchor on CNBC's program *Squawk Box* asked him to defend his position that market was vulnerable when in fact stock prices continued to climb. This analyst admitted he was confused. But secretly, according to Kurtz, the analyst was thinking, "I know we're headed for trouble, but I also know that if I say so I'll be denounced because there's no denying I've been dead wrong so far." (Kurtz, 2000, p.108).

Goozner (2000) offers a critical response to business media coverage during the economic boom of the late 1990s. Through his research and experiences as a business and economic journalist, Goozner found that in reporters' enthusiasm to cover the economic boom, they generally neglected to regularly cover the struggles of the less fortunate and overlooked inequality. The perception that the vast majority of Americans were the beneficiaries of "unprecedented" economic growth was an illusion. The media failed to highlight the growing disparity between the wealthiest and poorest socio-economic groups. While Goozner acknowledges that some newspapers have been consistent with their exploration of societal woes, media coverage of the environment, government and regulated agencies was limited to a handful of topics that were reported almost as an afterthought (Goozner, 2000). On the whole, reporters, who were once criticized by the political right for their regular animosity towards big business have replaced their criticism with an enthusiastic embrace of the new economy. The consequence is the deterioration of the role of press as watchdog. The media are less of a forum for the average citizen whose standard of living may not have improved much during the supposed economic boom.

Similarly, Madrick (2001) found that during the late 1990s families on average were working longer, that income and job insecurity were up and the incomes were inadequate to buy food, clothing and electronics.

Proposed Solutions for Improvement

Coverage of financial markets today is actually an improvement from earlier decades. Henriques (2000) found that in the 1920s, business journalists often accepted bribes in exchange for pushing stocks, which promoters then dumped to the surprise of the public. Henriques (2000) describes journalists' "breathless admiration" for mutual fund managers with practically no skepticism in the 1960s.

Today's business journalists are faced with an explosion of new industries that didn't even exist 20 years ago, and are required to cover five federal regulatory agencies and at least 2 regulators in each of the 50 states. Henriques (2000) compares the financial revolution on the late 1990s to an earthquake, where old institutions are cracking at the foundation and hastily built structures are crumbling. Business has unquestioned and unchallenged power in American society, at a level never seen before. The business world is a world largely without open meeting laws and whistle blowers are rare (Henriques, 2000).

But unlike political reporters who are committed to the notion that it is the journalist's duty to hold powerful people accountable to society, business journalists are more committed to the aspect of business than journalism. Business journalists are ignorant about their role as a watchdog (Henriques, 2000).

Henriques (2000) calls for journalists to be tougher, more skeptical and more thorough in covering financial and economic news. She points out that business journalism is probably the only area of journalism where reporters and editors aren't embarrassed to be ignorant. Where most reporters claim to have a deep understanding of traditional beats like politics, sports or science, many dismiss business journalism as boring and confusing. Editors and news directors have to recognize business as an important area of coverage for the journalism to improve. As with any type of journalism, no reporter can single-handedly command the resources needed to pursue in-depth stories. These reporters need the support, space and money to cover these issues adequately (Henriques, 2000).

Ludwig (2002) argues that the complexity of business, finance and economics requires an education of these topics not typically served in the nation's journalism schools. He believes that journalism schools should encourage students to specialize and to consider business coverage. He suggests a joint effort with business schools to provide proper coursework and training.

Lawrence (1988) suggests that major newspapers abandon daily business coverage if the news of the day doesn't warrant a major story. If the day's news was not worthy of the front page of the business section, the public would be better suited if the media instead focused on longer term analyses that watched the market and investigated the internal workings.

The media have played a significant role in the public perception of the economy and of big business throughout history. The financial press has been successful in predicting shifts in the market, detecting trends and exposing fraud and corruption. The media have provided tools for investors and analysts and an education for the general public. Business reporters have had the opportunity and responsibility to shape perceptions of the economy through both prosperous and devastating economic cycles, and have done so successfully.

However, the media have occasionally failed at providing thoughtful and thorough analyses, sometimes because of inadequate resources or source bias. Other times the complex and cyclical nature of the economy made day-to-day analysis meaningless, and the unforgiving daily deadlines made long-term, investigative approaches to reporting impossible.

The role of the business journalist has changed significantly over time. Financial news that was once buried in local papers or ignored altogether has moved to the front page of the mainstream press. Unfortunately, in recent years, many business reporters, accused throughout history of taking an antagonistic tone driven by unrelenting suspicion of big business, abandoned their watchdog role in favor of a more sympathetic and enthusiastic approach to covering of the economy. Recently, the media have been accused, and rightly so, of forging relationships with business leaders that threatened objectivity and critical analysis. In the most extreme cases, the sources used to frame the coverage of the economy in the late 1990s were tangled in a Web of conflict of interest that resulted in biased and overly optimistic news reports. The coverage was at best enthusiastic and at worst irresponsible and damaging to institutional and individual investors.

III. Methodology

The study employed a content analysis, intended to examine the tone of coverage of the economy as it was in decline during the second half of 2000. This content analysis was meant to specifically evaluate whether the media began to take notice of the economic decline in 2000, as demonstrated by an increase in negative stories or a decrease in positive stories. This content analysis was designed to test the following hypothesis: Positive news about the economy outpaced negative news during the second half of 2000, even once the economy was declining.

A model for this analysis was provided by Harry H. Griggs who employed a similar method in his evaluation of the 1957-58 recession. Griggs (1968) found that it was possible to trace the development of the recession in a reasonably scientific way by evaluating various statistical series. Furthermore, he decided that if newspapers met their premised responsibility they would indicate the significance of the recession as its severity grew by devoting more space to content dealing with general economic conditions, by placing large headlines over such content, by printing such content on page one or other pages besides the business and financial pages, and by not making continued optimistic assertions when economic indicators showed the economy to be declining. Although this content analysis will not mirror the Griggs study exactly, the decision to quantify negative versus positive assertions about the economy was inspired by Griggs' study.

This study examined the tone of the coverage of the Associated Press wire copy dealing with economic news and the NBC Nightly News stories about economic news. The media selection was an attempt to examine a cross-section of consumer media during late 2000. This sample intentionally did not address traditional business media like the *Wall Street Journal* because this study was intended to evaluate journalism about business intended for a mass consumer audience, not business journalism intended for a market savvy reader. The presumption was that journalism about business within mainstream consumer media had a greater influence over a greater number of novice investors than business journalists had over a smaller group of experiences investors. Given the significant increase in first time investors and the surge in the influx of 401K contributions, it was assumed that a new breed of investors and media consumers were affected and influenced by the tone of the consumer media coverage.

The Associated Press was selected because of its tremendous reach throughout the United States. According to the Associated Press, more than a billion people every day read, hear or see Associated Press news. In the United States alone, AP serves 1,550 newspapers and 5,000 radio and television stations. A medium with reach of this magnitude certainly had some influence in setting the agenda and framing economic conditions.

The NBC Nightly News was selected because it is the highest rated evening newscast with the broadest range of distribution channels. According to the Television Bureau of Advertising, NBC reaches more than 7 million homes, ahead of the ABC and CBS evening newscasts. Additionally, NBC news stories are often repurposed on sister cable networks MSNBC and CNBC, all of which have independent Websites.

The sample deliberately does not include a magazine sample, as it has been determined that magazine editorial is deliberately provocative in its framing of certain issues. Additionally, magazines in particular benefited from the "new economy" as the total number of advertising pages in magazines like Business Week, Fortune and Forbes reached record levels. In 2000, high technology advertising increased by 34% at Business Week, 86% at Fortune and 85% at Forbes (Madrick, 2002). It is believed that magazines continued to defend the idea of the new economy even after signs of trouble in order to maintain the momentum and enthusiasm among readers and advertisers. Additionally, most magazine publishers will accept an unlimited amount of advertising so long as the editorial staff can continue to create enough content to balance the so-called advertising to editorial ratio. There exists the possibility that a magazine sample might have included a greater amount of content related to the economy than television or newspapers simply as a response to level of advertising at the time. In contrast, the AP and NBC Nightly News was expected to result in a substantial sample of more objective and straightforward news coverage rather than the more entertainment driven tone of magazine editorial.

This research also did not include an Internet sample because only 58% of Americans had internet access at home by July 2001, according to Nielsen//Net Ratings. While this level of penetration was a big jump over the two years preceding it, the Internet was still not as mass as television or newspaper during the time period studied. Additionally, Internet penetration and home PC ownership was initially driven by price point. Wealthier Americans were among the first group of consumers to purchase new technology in the 1990s, and for this reason it was determined that an Internet sample would be less relevant when trying to develop a sample of media that was written for a mass, mainstream and diverse consumer audience.

The Associated Press sample and NBC Nightly News sample were developed by performing a key word search of the Associated Press archives and NBC Nightly News transcripts during the designated time frame. The key words included the words economy, technology, investing, personal finance, economic outlook, consumer outlook, consumer confidence, consumer sentiment, recession, job loss, layoffs, and job cuts. An article was eliminated if it was retrieved using the key word but was irrelevant to the economy. For example, the key word "technology" retrieved articles about new developments in fertility treatment, however this article was not relevant to the research.

Units of analysis and variables

Every story in the AP and NBC Nightly News sample was evaluated for references to the economy. Each article was read in its entirety to ensure that a shift in tone at any point in the story was accounted for and coded accordingly. Each story was assigned to one of three categories: positive, negative or neutral. Neutral reflected stories where there was either no clear direction of the tone, or if there was an equal balance of positive and negative news. Goidel and Langley (1995) employed similar techniques when evaluating media coverage of the economy and its effect on the outcome of presidential races. The method resulted in relatively high intercoder reliability (.93) given that "most of the judgments were relatively straightforward." The intention of this study was to identify any shift in tone leading up to and at the start of the decline of the business environment.

In addition to the tone of the article, sources cited within the top half of the article were noted. Ultimately this tracking helped determine if there was a shift or pattern in source use. Sources were assigned to one of the following categories: average person, elected official or government agency, chief executive/chairman, education official or business person/analyst.

In his evaluation of newspaper performance during the 1957-58 recession, Griggs (1968) determined that there were three months that were the most critical to any newspaper trying to reveal the significance of the 1957-58 recession to its readers. He selected the pre-recession peak month, the month in which forecasters approximated the severity of the decline, and the month when aggregate available indicators confirmed the severity of the decline.

For the purpose of this study, the October 2000 through January 2001 time period was selected for evaluation. This is a slightly different take on Griggs' study, but again, the methodology is inspired by Griggs. Several leading economic indicators suggest that the downward decline began in the second half of 2000. Although the recession wasn't called until March 2001, the trend was firmly in place by the fourth quarter of 2000.

For the purpose of this study, economic indicators were selected and evaluated with the guidance of the U.S. Department of Commerce, the Bureau of Economic Analysis and the National Bureau of Economic Research figures. Indicators were evaluated on an individual basis due to their individual significance over the course of the four-month time period. The total number of positive, negative and neutral stories were calculated on a monthly basis over the four-month period. Ultimately, the content analysis was meant to determine whether a shift in certain indicators was recognized by the media, whether none were or whether all were.

Economic indicators for the purpose of this study included:

- Unemployment rate
- Initial jobless claims
- Consumer confidence index
- Gross Domestic Product

According to the National Bureau of Economic Research, the broadest indicator in the entire economy is employment. A recession involves a substantial decline in output and employment.

Gross Domestic Product (GDP) is the market value of goods and services produced by labor and property in the United States, regardless of nationality; GDP replaced GNP as the primary measure of U.S. production in 1991 (Bureau of Economic Analysis, 2003). Three consecutive quarters of negative growth in the GDP, as seen in 2001, is also an indicator of a recession (according to Bloomberg representative Tom Contiliano).

Consumer confidence was selected as a measure of how optimistic consumers were about the economy and indicates autonomous consumption, which is one key to understanding the health of the economy.

All major economic indicators were in decline during this time period. The unemployment rate and initial jobless claims were rising. Consumer confidence and Gross Domestic Product were dropping. Refer to Figures 1, 2, 3 and 4 for further detail.

Figure 1.

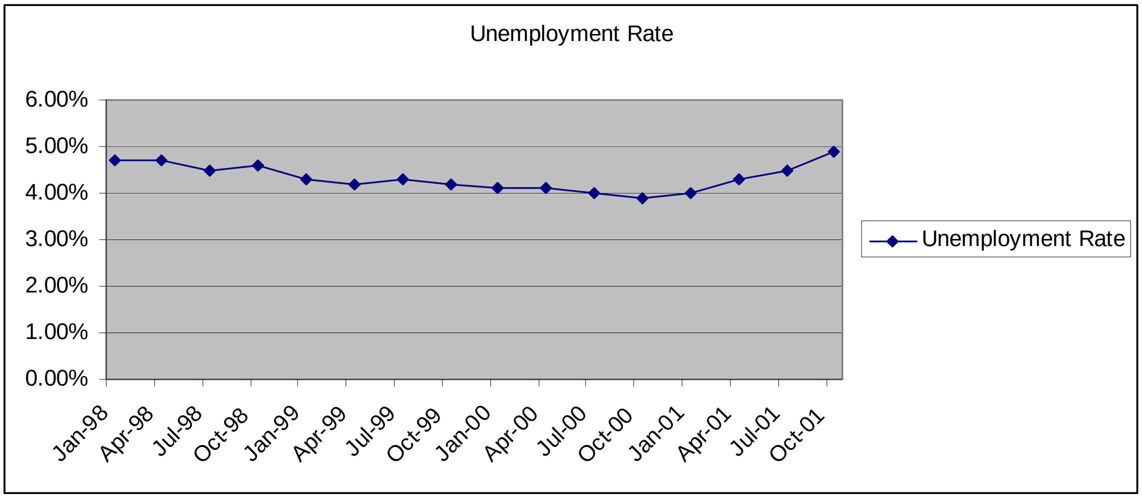


Figure 2.

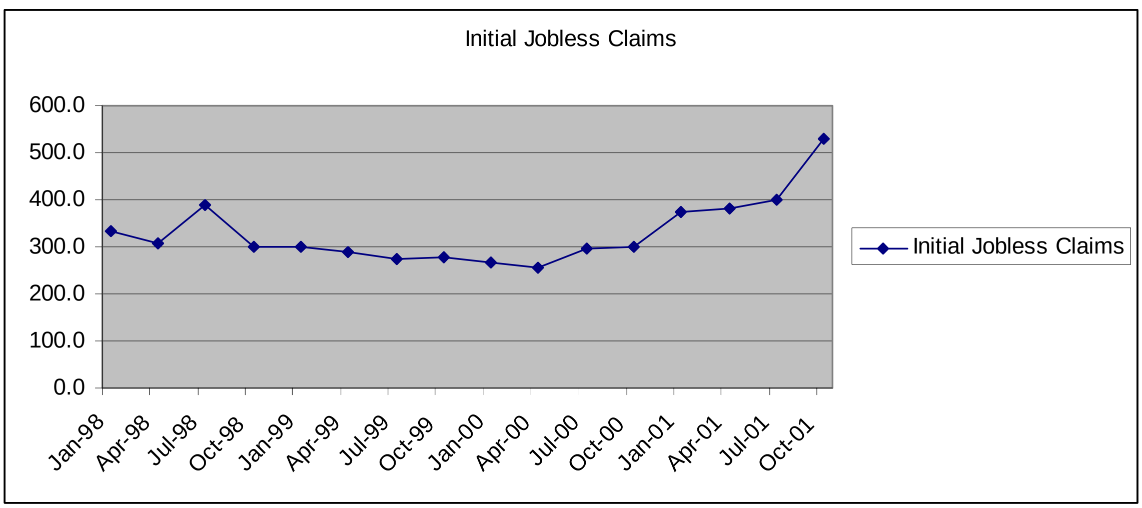


Figure 3.

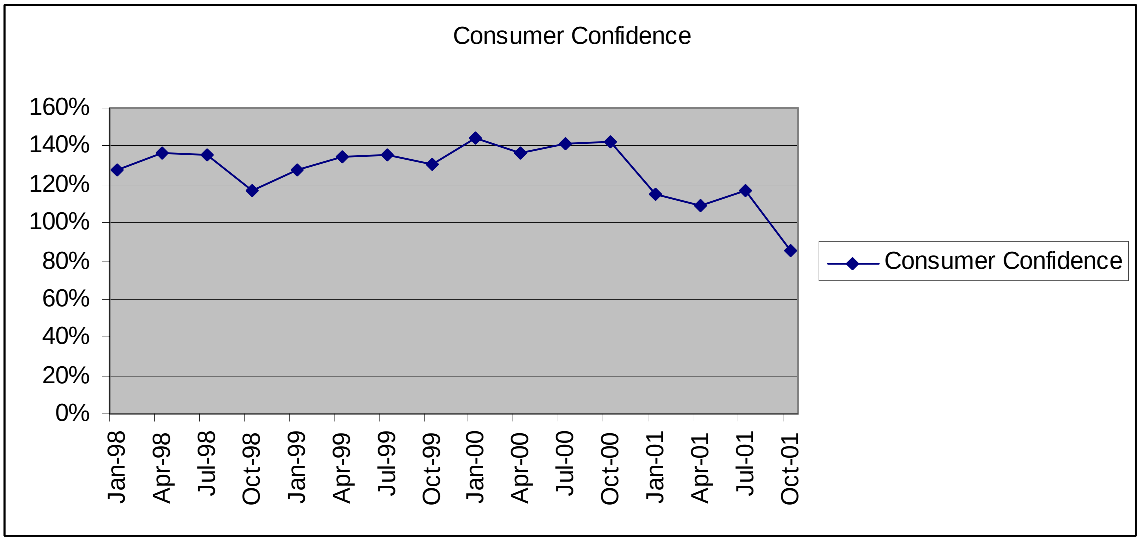
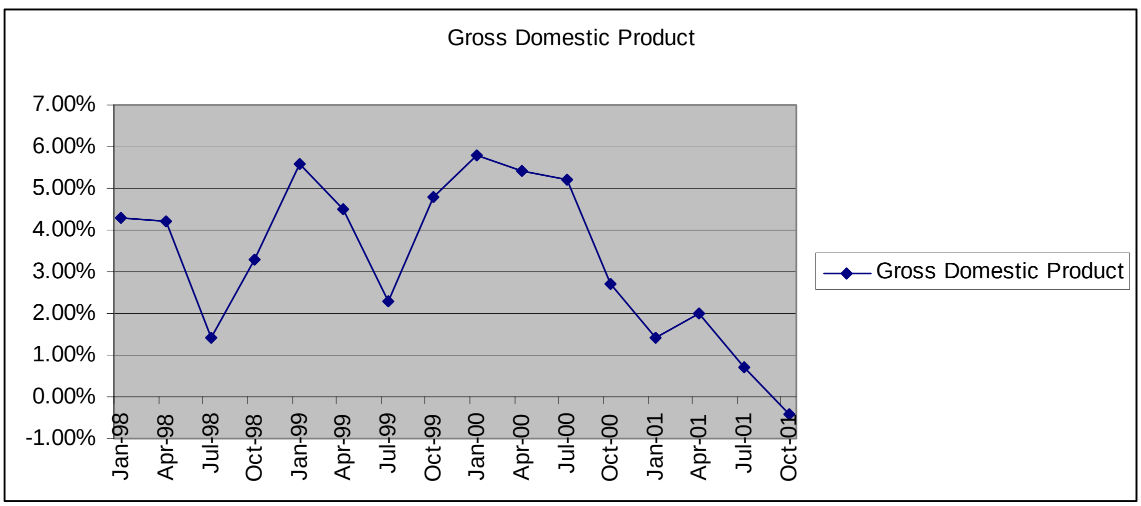


Figure 4.



Given the research objective of identifying a shift in tone of media coverage once the economy was in decline, as opposed to in recession, the October 2000-January 2001 time frame has been selected. By March 2001, when the recession was called, it would be very unlikely that a search of articles and stories about the economy would yield many positive assessments given that by this time, the recession was quite obvious. The objective of this research was not to determine whether the media could identify indicators of a crash when it was obvious to the general public, but when trends were taking shape. An evaluation of media coverage between October 2000 and January 2001 was more telling in terms of how the media were interpreting the economy leading up to the recession.

This analysis was intended to determine if the positive news disproportionately outpaced the negative news, and if the media continued to make positive assertions about the economy even once the market was declining. While this study was not an attempt to measure the effect this media coverage had on consumer sentiment, the study assumes based on past research that the tone of the media coverage may have contributed to the overall enthusiasm of the time period. Given the record volume of the stock market during the late 1990s, the proposed hypothesis is that positive references to the economy outweighed negative references, even once the economy began its official decline.

Research Limitations

Agenda setting research has been criticized in some cases as being inconclusive. Often there is insufficient evidence to show a causal relationship between the various issue agendas. Additionally, it is rare for data to be produced in support of agenda-setting research that shows relevant media use by some segment of the public (McQuail, 2000).

This research implemented within the framework of this theory will not show evidence of opinion change over time in a given section of the public.

This research is limited in that a different sample of media may produce different results. This study focuses specifically on broad-based consumer media, which may have taken a different approach to the economy in the late 1990s than other media. For example, publications with more sophisticated and market savvy readers like *the Wall Street Journal* may have been able to provide a deeper and more accurate explanation and analysis of trends given the more narrow scope of the *Wall Street Journal*'s typical subject matter. Broad, general interest consumer media cannot devote as much time to the economy as specialty finance publications, which will inherently limit the depth of coverage.

IV. Results

This content analysis was intended to examine the tone of coverage of the economy during the second half of 2000. This content analysis was meant to specifically evaluate whether the media began to take notice of the economic decline in 2000, as demonstrated by an increase in negative stories or a decrease in positive stories. This content analysis was designed to answer the following question: did positive news about the economy outpace negative news during the second half of 2000, even once the economy was declining? The hypothesis was meant to predict that the media continued to make positive assertions about the economy even once the market was declining towards the end of 2000 into the beginning of 2001.

Overall, 259 stories we evaluated based on their reference to the economy. Of the 259 studied, 143 stories were from the Associated Press and 116 were from the NBC Nightly News. Each story was evaluated and assigned to one of three categories: positive, negative or neutral. A neutral label reflected stories where there was either no clear direction of the tone, or if there is an equal balance of positive and negative news.

Ten percent of the sample was tested for intercoder reliability. The method of coding used in this research resulted in an intercoder reliability of .89, a level generally considered acceptable in most situations (Lombard, 2004).

The hypothesis was measured three ways. First, the NBC and Associated Press samples were combined and measured by frequency of tone. Negative stories were assigned a code number of 1. Neutral stories were assigned a code number of 2. Positive stories were assigned a code number of 3. The mean score for frequency of tone was 1.67, indicating that the tone of the entire sample was more negative than positive. The Associated Press sample yielded a mean score of 1.67, indicating that there were more negative stories than positive stories. The NBC Nightly News sample yielded a mean score of 1.73, again indicating that there were more negative stories than positive stories. The difference between the two scores indicates that the NBC sample was slightly more positive than the Associated Press sample, however both were more negative than positive.

Mean scores by source can be found in Table 1.

Table 1. Mean Score by Month

Month	**Mean Score**
October 2000	1.75
November 2000	1.70
December 2000	1.63
January 2001	1.73

Next, frequency of tone by source was measured to determine if there was any discernable trend in the way news about the economy was treated by different sources. In both samples there was more negative news than positive news, but overall there were more neutral stories than positive or negative stories. Findings by source can be found in Table 2.

Table 2. Frequency of tone by source.

	NBC	**NBC%**	**AP**	**AP%**
Negative Stories	50	43%	65	45%
Neutral Stories	54	47%	66	46%
Positive Stories	12	10%	12	9%
TOTAL	116	100%	143	100

Last, frequency of tone by source was measured by month. The findings indicate that across the entire time period, the tone of the stories was more negative than positive. In fact, the first month in the study was the most negative. News was most positive during December, but still more negative than positive. Across all months, the tone remained fairly consistent. Results are reflected in Table 3.

Table 3. Frequency of tone by source, by month.

	October	**November**	**December**	**January**
NBC				
Negative	5	10	16	19
Neutral	11	9	10	24
Positive	3	2	3	4
TOTAL	**19**	**21**	**29**	**47**
AP				
Negative	14	11	23	17
Neutral	11	15	19	21
Positive	4	4	2	2
TOTAL	**29**	**30**	**44**	**38**

The use of specific sources was also studied to determine if there were any trends in the types of sources used and the tone of the article. Findings can be found in Table 4.

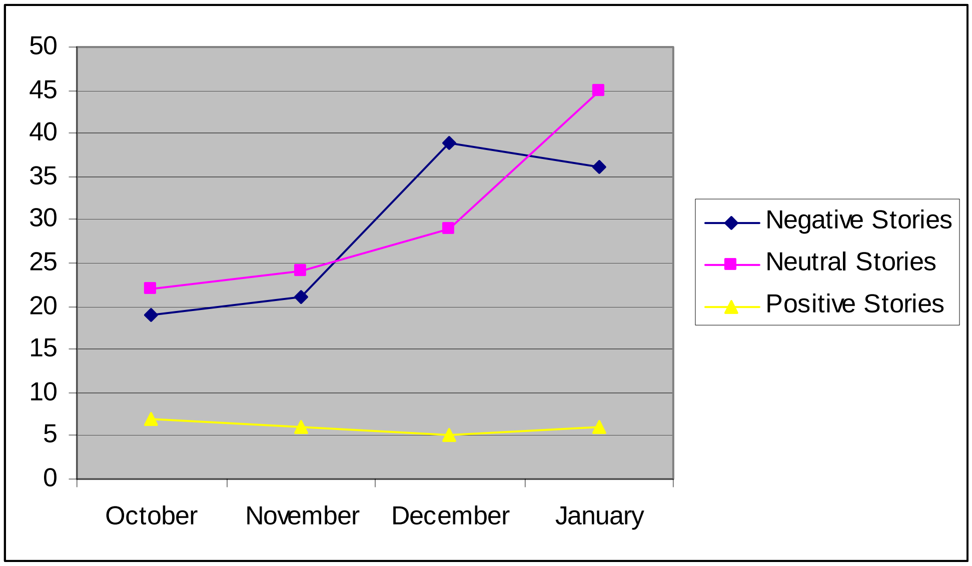
Table 4. Source use.

	Average Person	Elected Official/Government Agency	Chief Executive/Chairman	Education Official	Business person/analysts
NBC					
Negative	11	11	0	5	55
Neutral	11	36	3	4	27
Positive	2	0	0	0	2
TOTAL	**24**	**47**	**3**	**9**	**84**
AP					
Negative	1	5	17	1	37
Neutral	1	8	5	0	34
Positive	0	3	1	0	5
TOTAL	**5**	**15**	**23**	**1**	**76**

Both NBC and AP used mostly business people and analysts as sources. Within the NBC sample, elected official and government agencies were the second most used sources, and were also the sources most used within articles labeled neutral in tone. Within the AP sample, chief executives and chairman were the second most used sources overall and were also the second most used sources within the articles labeled negative in tone.

Overall the trend in tone by source and by month was consistent with the direction of the economy. All major economic indicators were growing more negative during the October through January timeframe, and the tone of the news coverage reflected that trend. A visual representation of these findings can be found in Figure 5.

Figure 5. Tone by month, shown through line graph.



The number of negative stories peaked in December, and the number of neutral stories peaked in January. The number of positive stories represented less than 10% of the total sample.

None of the measures of the research question suggest that positive news about the economy outpaced negative news even once the economy was declining. Therefore, this content analysis does not support the research question.

IV. Discussion

The October 2000 through December 2001 timeframe was newsworthy from an economic standpoint on several fronts. During this time, a long list of high profile Fortune 500 companies had layoffs that collectively affected hundreds of thousands of workers and entire communities. The Internet space became a graveyard littered with the remains of well known enterprises. And even the most venerable “brick and mortar” operations made news as they closed factories throughout the nation as stock prices tumbled. During the October 2000 through January 2001 time frame, Bethlehem Steel was dropped from the S&P 500, DailmerChrysler cut 26,000 jobs, Pets.com shut down operations, NASDAQ hit its low for 2000, NBC Internet cut 150 jobs, Xerox cut 4,000 jobs and Disney closed its go.com Website operation.

The media coverage during the October through January timeframe was driven by several key themes: The 2000 Presidential election, the stock market, the dot.com fallout and overall trouble in the technology sector, the December 2000 retail shopping season and mergers and acquisitions.

The Presidential Election

The hotly contested presidential election in 2000 between President George W. Bush and Vice-President Al Gore generated a considerable amount of media attention. As with any presidential year, the media speculated about the outcome of the election and its potential effect on the economy. However, this election ultimately generated an even greater amount of news coverage due to the combination of a stalling economy and the inconclusive election results. The general sense of chaos surrounding both the election and the economy generated a sizable amount of negative press, however most stories in the sample regarding the presidential election were neutral in tone. In general there was simply too much uncertainty for reporters to be extremely negative or positive in their coverage.

Prior to the election, reporters questioned each candidate's economic savvy and their general approach to economic policy. The Associated Press reporters wondered whether Bush would be able to match the Clinton economic boom, and also discussed the limited impact the Clinton economic boom was having on Gore's candidacy. NBC's reporters discussed each candidate's plans to overhaul social security and frequently addressed President Bush's plan to cut taxes. In most cases there was a balance of negative or positive speculation, with reporters relying on a group of financial analysts and economic authorities to highlight both the positive and negative impact either man's presidency would have on the nation.

By the time the Supreme Court ruled in favor of George W. Bush and the election results were finalized, the resolution was largely overshadowed by the rapidly deteriorating market conditions. The typical "post election economic bounce" failed to materialize, as did any associated positive news stories. While there was occasional good news (i.e. NBC's headline "Voters Confident about the Present, Future of Economy"), the overall tone was becoming grimmer. In fact the NBC Nightly News welcomed President Bush to office with a headline that announced "President-elect Bush to be greeted in office by slowing US economy."

The Stock Market

The daily performance of the stock market heavily influenced the tone of the sample. The substantial number of mixed reports largely contributed to the abundance of neutral stories, with the poor performance of the Dow Jones Industrial Average balanced by coverage of the strong performance of the Nasdaq composite index, and vice versa.

Although the sample only covered four months, it included the critical year-end fourth quarter time period, which is generally a point of reflection for many analysts, researchers and reporters. The annual tradition of evaluating the strengths and weaknesses of the market, individual corporations, elected officials and business leaders grew even more pronounced as the economy went into a tailspin.

Giving the importance of the time period, coverage of the economy spanned across multiple industries. The media covered a broad range of industries such as technology, automotive, fashion, manufacturing, cosmetics, travel and transportation, airline, telecommunications, publishing, broadcasting and education.

The final trading day on Wall Street each year is met with contemplation about the past year and the year ahead. The pressure in 2000 seemed greater than ever. As the trading day started on December 29, 2000, the AP reported that "Stocks opened mixed on final trading day of a painful year on Wall Street," as NBC addressed the trend toward cautious investing "after a rough year on Wall Street." The market and the media recognized defeat, perhaps best captured through a NBC headline on December 20 that simply stated, "Economic Boom Ends with a Bang."

Mergers And Acquisitions

This time period was a season of mergers and acquisitions. The merger of AOL and Time Warner was completed during the fourth quarter of 2000, Fed Ex acquired America Frieghtways, and Honeywell and GE announced plans to merge. For the most part these stories were neutral in tone, although the coverage of the AOL Time Warner merger grew negative as the technology sector continued its decline. Additionally, speculation that the merging of two large entertainment companies prompted strong criticism from consumer watchdogs who claimed the massive entertainment giant was too monopolistic and would affect pricing and content in a negative way. From a pure business standpoint, the deal lost much of its appeal as the stock price of the combined company began to drop. The media's enthusiasm for this merger had fizzled by the end of 2000.

The Retail Shopping Season of 2000

Many stories in the sample covered the critical holiday shopping season, generally the point of the year retailers start to turn a profit. During this particular time period, consumer confidence was dropping, families were in jeopardy of losing retirement savings and companies were cutting jobs, all of which made this particular retail season that much more unpredictable and dramatic.

Signs of trouble in the retail space were starting to show by the end of November. On November 27, 2000, NBC's Anne Thompson filed a report that warned "This year's holiday shopping frenzy may be slowing down." NBC's Hilary Lane followed

Thompson's story with the announcement on December 16, 2000 that retailers were disappointed by sales and would start lowering prices.

By December 22, 2000, retailers were scrambling. Kmart tried an 86-hour around the clock marathon to try and lure shoppers. Other retailers started slashing prices. NBC reported that visits to shopping malls were down 5.7% versus 1999, and with only 3 days left to Christmas, holiday sales at malls were down 8 percent, a stark contrast to the torrid pace of the 1999 holiday season. Even the post-Christmas bargain hunting shoppers stayed away in 2000 after much of the country was hit with bad weather that kept consumers indoors. The dismal 2000 holiday shopping season was yet another indicator that the economy was in a decline.

Highlights from the AP Sample

Within the AP sample, the negative stories were mainly focused on job losses, businesses closing and stock prices falling. The negative stories were largely a statement of facts and rarely speculative. There were no cases in which a story assigned a negative value because the reporter predicted that a stock price would drop or that a company would cut jobs. Most stories were clearly announcements that the event or action was actually taking place or had already happened.

The positive news was sparse. This is partly a result of the fact that there was not an abundance of positive stories during the timeframe, but also a result of the fact that most positive news was packaged with warnings and pessimism. For instance, while there was still economic growth during the timeframe, the good news was overshadowed by the revelation that it was the slowest growth in four years.

Those reporters who covered the stock market had a far greater amount of stories in the sample overall because of the daily nature of the news, and far more negative stories than neutral or positive stories. These reporters' headlines were largely matter-of-fact and were generally grounded in figures such as the rise and fall of the Dow Jones Industrial Average, 401K losses and individual stock price drops.

Several reporters also projected how the deteriorating economic conditions would result in negative consequences even outside of the financial universe. One AP reporter investigated the negative affect the economic environment would have on company holiday parties on 2000. Ultimately, the news coming out of the core financial universe had a ripple effect on reporting in that it generated negative stories within general lifestyle related editorial.

The neutral articles, in contrast, were more likely to be speculative. For example, one neutral story described the late holiday shopping rush in 2000, and went on to ponder whether the last minute rush would salvage the holiday retail season. In these cases the story was less a balance between positive or negative, but an objective statement of facts and opinions that left the reader with no clear indication of tone. In other cases, neutral stories within the AP sample showed a strong balance of positive and negative in the story, as demonstrated by headlines like "Stock market's extreme optimism giving way to extreme pessimism."

There were more neutral stories overall than either negative or positive stories. In some cases the reporters reported negative news but signaled optimism. Several reports addressed the positive angles to an economic slowdown, or focused on the aspects of the economy that were still healthy, like the housing market. In many cases, the neutral stories reflected a negative headline with a slightly positive or encouraging spin, for example, “First Union reports drop in profits for fourth quarter, year, but meets analysts' expectation.”

Source Use within the AP sample

Overall, businesspeople or analysts were the most used sources, followed by chief executives and chairmen. This is contrast from the NBC sample, in which chief executives were the least used sources. Elected officials and government agencies followed chief executives and chairmen as the third most used sources within the AP sample.

The stories that balanced negative news with a positive spin were more likely to feature quotes from company executives than laypeople or other industry experts. In the “First Union” example, First Union's president and chief executive Ken Thompson was the only source listed in the top half of the story. In another story about microchip maker AMD missing an earnings forecast, the tone was neutral. Again, the only source in the top half of the story was the AMD Chairman and CEO Jerry Sanders. These findings suggest that the most senior executives have had some success projecting the most positive light on what would otherwise be genuinely negative stories.

Highlights from the NBC Nightly News Sample

In contrast to the AP sample, the NBC Nightly News sample was just slightly more positive.

The stories assigned a positive value within this sample were largely related to the stock market. Despite the overall deteriorating marketplace, the positive news was initially enthusiastic. Within the stories during the October and November timeframe, there was a sense of hope and optimism. Reporters used statement like “big bump,” and “investors welcomed news” to describe the Dow Jones and Nasdaq performances. The dips in the stock market were handled as one-time occurrences rather than the beginning of a trend. However, positive stories later in the timeframe were slightly more hesitant. For example, a strong rally in the stock market on January 29, 2001, only generated “cautious optimism.”

Like the AP sample, negative news was often tempered by the anchor or reporter’s positive spin, which largely balanced the news and generated the larger group of neutral stories. News reports frequently began with a tone that offered hope, exemplified by headlines that read “Despite layoffs, job market remains tight.” Other negative news turned neutral is depicted in headlines like “California power crisis brought on by bonehead decisions but good intentions.” The NBC sample featured a substantial amount of news about the Presidential candidates and their attitudes about economic policy. Additionally, NBC frequently reported on President Bush’s daily actions within the economic sector following the election, but with no identifiable bias.

Prior to the election Tom Brokaw interviewed both candidates on their economic policies. The tone in these articles was more speculative and neutral, stating what limitations each candidate faced in executing their policies and first term goals. Following the election, presidential news addressed his cabinet appointments in addition to meetings with congress, business leaders and other industry figureheads.

A considerable amount of neutral stories consisted of the daily stock market reports that were generally mixed in tone, with headlines like "Stock market goes through dramatic up and down day."

Source Use within the NBC sample

Businesspeople and analysts were the most used sources within the NBC sample, followed by elected officials and government agencies. Average people were the third most used sources.

While the negative press surrounding certain companies was somewhat tempered by senior executives comments in the AP sample, this was the case within the NBC sample. One report that addressed the trend of manufacturers packaging less product while charging the same price relied on only two sources. Although one source was a spokesperson from the Grocery Manufacturers of America, her comments failed to positively impact the tone of the story. In another example, a complete lack of contribution from the company in question most likely affected the tone of the story in a negative way. In this case, TLC America was accused of misusing retirement funds and was under SEC investigation. Naturally an SEC representative was quoted in the top half of the story, however no one from TLC America was identified as a source.

The greatest number of sources was used in stories that were meant to provide a broad view of the economy. In these cases the sources represented a broad mix of opinions, and the reports included comments from average consumers, industry experts, store clerks and small business owners. When consumer confidence hit a four year low in January, 2001, NBC reporter Anne Thompson tapped a clothing storeowner, a chief economist from Bear Sterns and a research analyst. After the 2000 retail season ended in disappointment for business owners, NBC reporter Hillary Lane sought out shoppers, industry experts and storeowners for comments. In both of these reports the broad use of sources still resulted in a negative tone, further indicating a sense of overall economic crisis.

The AP Sample Versus the NBC sample

The findings between the two samples were similar. Both samples included more negative than positive stories, and more neutral stories than either negative or positive stories.

The main distinction between the two samples was the type of reporting. The AP stories were fact driven and straightforward, with less emphasis on trends and lifestyle. The NBC sample, however, provided more analysis, especially leading up to the end of the year. The style of reporting used by both sets of reporters is consistent with the function of each news organization.

NBC reporters probed more into cause and effect. NBC explored the reasons for increased travel among American consumers despite the economic downturn, citing the strong US dollar abroad. NBC also reported a big surge in new mothers returning to the workforce quickly after having children, pointing out the increase in job opportunities that came with the economic boom of the late 1990s. NBC also dedicated much of its coverage to individual savings and retirement funds, and frequently sought out experts to discuss investing strategies for average Americans. The AP, in contrast, rarely identified trends and delivered straightforward news reports regarding earnings announcements, layoffs, acquisitions, housing starts, jobless claims and executive appointments.

Media coverage of the economy during this time was heavily influenced by the intended audience and medium. The NBC Nightly News and AP were selected for their broad reach but also because these two media organizations were considered to be less provocative than the consumer magazines and business programming available at the time. The distinction in style between the two news organizations further enhanced the sample by introducing another variable by which the coverage could be evaluated, and further justifies their selection for this research.

The Technology Sector

The subject of this research was inspired by the overall sense of excitement among financial reporters during the late 1990s. It was assumed that the high level of enthusiasm the mainstream media displayed during the dot.com boom would cloud the media's collective judgment and perspective as the economy declined. Ironically, it was the stories surrounding the Internet and technology companies that generated the most negative news in this sample. Despite the media's initial enthusiasm for the dot.com explosion, it appears these news organizations were quick to recognize the signs of trouble, understood the changing dynamic and were quick to respond to the new situation.

Coverage of the technology sector was not negative simply because it focused on Website operations shutting down and massive layoffs, although this was, of course, a common theme. The media understood that the failure of these Internet companies was based not only an economic downturn, but on a flawed economic model. Both NBC and the AP made a distinction between the “old economy” failures and the dot.com busts. NBC was quick to point out that Internet start-ups were never accountable for delivering profits, and these companies failed when venture capitalists started demanding a return on their investments. The media were able to distinguish the differences between the new economy and the old economy, and identified the weaknesses in both sectors individually. While the dot.com failure was recognized as a failed attempt to build brands without selling products, the weaknesses in other sectors was treated differently. When GM laid off more than 13,000 workers, the headline included the news that GM was actually ceasing production of the Oldsmobile line and would therefore close a plant. This news was not treated as the result of an economic downturn, but as the result of a change in the company’s vision. When retailers at malls around the country missed earnings for 2000, an assortment of reasons was cited, including cold weather and rising gas prices. The message was clear. The Internet sector was failing because of an unsound economic foundation. Other industries were in trouble because of mitigating circumstances.

Fair and Balanced Coverage

Despite the criticism many mainstream media organizations faced coming out of the dot.com disaster, this research has shown the NBC Nightly News and the AP were responsible in their treatment of economic news during the October 2000 through January 2001 timeframe. Both organizations recognized that an economic downturn was firmly in place by the end of 2000 and consistently evaluated different sectors of the economy for cues and trends. Source use spanned from CEOs to consumer watchdogs, financial analysts to factory workers. The abundance of enthusiasm evident in media coverage during the dot.com boom was replaced by a sobering assessment of the economy. The tone of the coverage was generally neutral in tone, balanced in its use of sources and comprehensive in scope.

Future Research

The media selected for this content analysis was meant to represent a cross-section of consumer media during the late 1990s. This sample intentionally did not address traditional business media like the *Wall Street Journal* because this study was intended to evaluate journalism about business intended for a mass consumer audience, not business journalism intended for a market savvy reader. However, since this thesis did not show that positive news outpaced negative news as the economy declined, it may be valuable to focus on business journalism during the late 1990s in future research. It has been asserted that the media played some role in perpetuating the “irrational exuberance” of the late 1990s. While this research was grounded in the belief that all media was responsible for inflating the stock market bubble during the late 1990s, it appears that the mainstream consumer media were at least responsible in recognizing the changing economic environment and responded accordingly. It would be worthwhile to know if business journalists responded similarly. It is possible that business journalists continued to make positive assertions about the economy even after it began its decline for their own preservation. The end of the economic boom brought an end to celebrity business journalists and resulted in a ratings crash for financial cable networks like

CNBC. Perhaps these news organizations were the last to signal the changing economic environment given the effect the economic boom may have had had on their perspective during prosperous times and the disastrous effect the recession ultimately had on overall consumption of business journalism.

Future research might also focus on business and financial magazines. Both consumer and business magazines were deliberately eliminated from this research because these news organizations tend to be more provocative in their coverage. However, it might be worthwhile to expand this research into this category to further the understanding of how mainstream media treated the recession. One potential research topic might be the impact the recession and negative news had on newsstand sales, which is considered a sign of the health for most magazines. It would be interesting to know if newsstand sales were affected by any shift in tone as the economy began its decline and if these news organizations were responsible in their coverage even if the news resulted in a decline in newsstand sales.

Future research might also include an Internet sample now that household Internet penetration has reached about 75% according to Nielsen//Net Ratings and is considered mass media.

Conclusion

Griggs (1968) said that if newspapers met their premised responsibility they would indicate the significance of the recession as its severity grew by devoting more space to content dealing with general economic conditions.

Within the NBC Nightly News sample, the number of stories that referenced the economy increased by 147% between October 2000 and January 2001. The number of stories that referenced the economy within the AP jumped 31% between October 2000 and January 2001. In particular, it was the number of negative and neutral stories that grew the most in each sample, and the number of positive stories stayed the same or decreased. These findings suggest that the NBC Nightly News and the AP met their responsibilities by devoting more space and time, specifically increasing the amount of negative coverage, as the economy declined.

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