

The media's curse

The economic situation and economic competence – media portrayal and public opinion in the US election campaign

Research Links:
www.bls.gov
www.bea.gov
www.mediatenor.com
<http://abcnews.go.com/sections/us/PollVault/PollVault.html>

On June 12th, the Economist titled its report on the economic situation in the US: “Cursed by lagging perceptions”. The state of the economy had improved, but the public was still unaware of it. Two weeks later, the same magazine offered an explanation for the distorted perception of the public: “Voters are getting into a mood where they are simply refusing to hear good news.” If it had been the voters’ decision to ignore positive information, they should at least have been able to find the positive news in question. However, this was hardly the case. Throughout the first half of 2004, media coverage on the situation of the US economy not only influenced the citizens’ impression of the economic situation, but also shaped their opinion of the economic competence of President Bush and the potential competence of his challenger John Kerry.

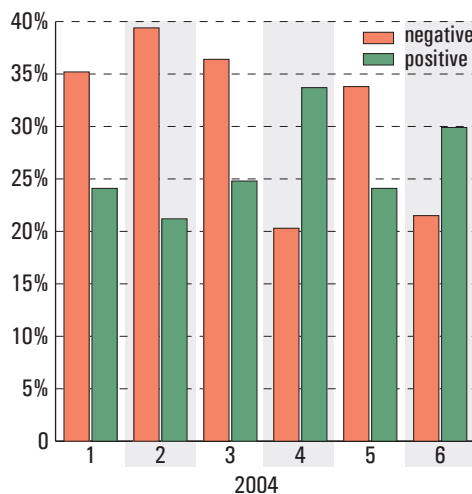
Since 2001, the economy of the United States has not been doing particularly well. However, it has been showing clear signs of improvement in the past few months: Since June 2003, the unemployment rate dropped from 6.3 to 5.6%. Economic growth reached 5.6% over the last nine

months, the greatest growth in such a time frame since 1984. The Graph below shows how opinion forming media have been reporting on the economy in the past half year: In contrast to real positive developments, the news was primarily bleak. Only in April and June did the media report more positive than negative news.

What were the reasons for this discrepancy between the portrayal and the real developments of the economy and the job market? A negative media agenda has two potential explanations: Journalists either misrepresented the real developments, or slanted them negatively through the way they selected the news.

At the beginning of the year, the media dealt primarily with the general state of the economy. In April they were more interested in unemployment, and in May and June in the stock market (see second graph below). The frequency of coverage correlates negatively with the assessment given in the reports. In other words, financial journalists attributed more attention to news, the more negative that news was. For example unemployment: It is true that, when the Bureau of Labor Statistics announced positive data on the job market in April, the media reported them. But they spent much less column and air space on the news than one month before, when the employment rate had dropped once. Instead of focussing on the job market improvements in April, journalists turned to negative developments in the stock

Assessment of the economic situation in 6 US media

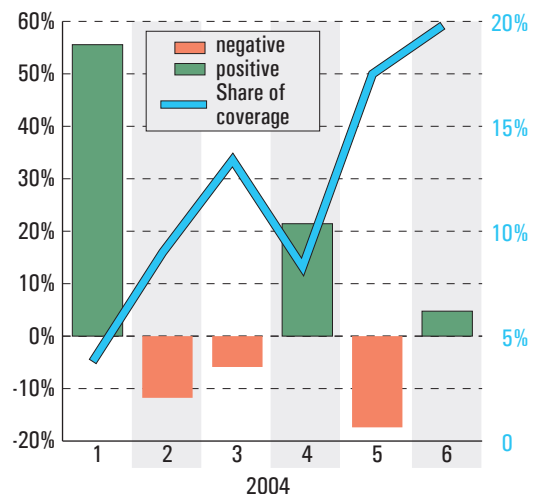


Negative/positive share of coverage

Source: Media Tenor
01/01 – 06/30/2004

Basis: 990 reports
in 6 US media

Coverage on the topic “stock market” in 6 US media



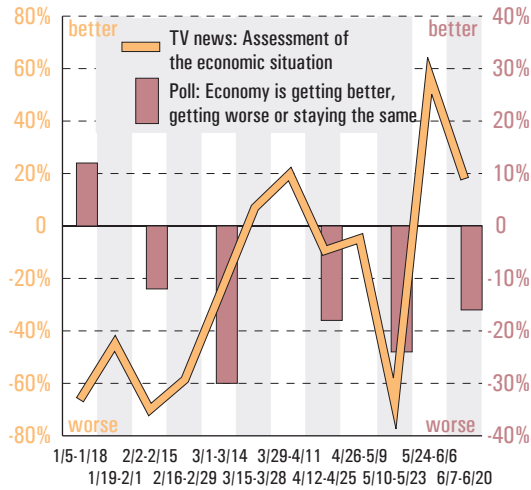
100%: All reports in which the economic situation was mentioned

Source: Media Tenor
01/01 – 06/30/2004

Basis: 990 reports
in 6 US media

Financial journalists focussed heavily on the negative economic aspects.

Portrayal of the economic situation on US TV and poll

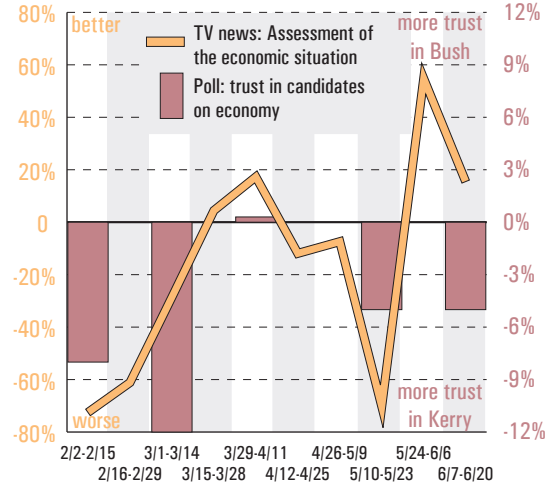


Media assessment of the economic situation; poll

Source: Media Tenor; ABC/WP
01/05 – 06/20/2004

Basis: 232 reports
in 3 US media

Portrayal of the economic situation on US TV and trust in candidates



Media assessment of the economic situation; poll

Source: Media Tenor; ABC/WP
02/02 – 06/20/2004

Basis: 232 reports
in 3 US media

In the first half of the election year, the negative coverage on the economy had negative repercussions for Bush.

markets. All in all, the opinion forming media did not report incorrectly on the economic situation, but they concentrated on the news factor negativism, thereby obscuring the most recent positive economic developments.

The problem of the “lagging perceptions” was the result of a business coverage that is oriented towards negativism. People evaluate the state of the national economy on the basis of how it is presented by media. What is more important and consequential, however, are the conclusions the public draws from this, resulting in prognoses which people base future market decisions on. Graph 3 shows that the citizens’ expectations of the economy follows the trend in business coverage. Americans started the year 2004 with optimistic expectations. Influenced by the dramatic coverage on the economy at the beginning of the year, they quickly turned pessimistic. Subsequent to better news in April, their pessimism petered out. But with negative news reoccurring in May, a more positive outlook has not yet developed.

In election years, media coverage on the state of the economy can be decisive for the election’s outcome. Since the beginning of the year, US voters have named the economy as the single most important issue for them. In election years, voters credit the incumbent with the state of the economy, granting a bonus when it is going uphill, and giving a penalty in the case of a downhill trend.

Graph 4 demonstrates to what extent reporting on the economy affects the voters’ trust in the economic competence of President Bush and his challenger John Kerry. The more positive the business news, the higher the confidence that Americans had in Bush’s economic competence. The more negative the coverage, the more confident they felt about Kerry’s. In the first half of the election year, the “lagging perceptions” were therefore a curse, indeed – a media curse for President Bush. sp

Open questions:

Will business coverage continue the positive trend from June and will Americans return to optimism?

How will this affect the perceived economic competence of Bush and Kerry?

What are other effects of negativism in coverage on society and politics?

Basis:

Media: ABC World News Tonight, NBC Nightly News, CBS World News Tonight; Wall Street Journal, Time, Newsweek
Time: 01/01 – 06/30/2004

Analysis: 990 reports on the economic situation in the United states

Poll/survey: ABC/Washington Post Poll 06/20/2004