InSight

Photo courtesy of Gloria Duffy

Bad News Bears

Dr. Gloria C. Duffy

President and C.E.O.

The U.S. economy is still suffering, and some serious strategic and structural changes are needed in business and government to address the underlying causes of the crisis.

But in the spirit of FDR's comment about fearing fear itself, I believe the U.S. media is making this crisis far worse than it needs to be. As the headlines and newscasters scream the latest bad news – job losses, stock market plunges, poor corporate results – investors' jitters increase. They shun the markets, which dries up the capital available to companies, which reduces their operations, which leads to layoffs, which leads to foreclosures and falling consumer spending, which drags down the banks, which . . . you get the picture. It becomes a self-perpetuating negative cycle, which our national leadership is struggling to turn around by pumping bailout money into the damaged economic sectors.

But it seems to me that this cycle of doubt itself, rather than fundamentals of the economy, is partly to blame for the dizzying decline in the market averages and the associated fallout. The media reports the economic news that fuels this downward cycle. And I believe there is more here than just the media acting as the bearer of genuine bad news.

So let's take a hard look at what is going on in the media today and how that affects news reporting.

As we know, the traditional media is highly threatened now, because its historic business model, based on advertising, has been blown to smithereens by the Internet. Few newspapers and not many radio or television operations have successfully made the transition to the Internet era. We have a front-row seat for this sorry spectacle here in the Bay Area, as San Francisco's only daily newspaper, the *Chronicle*, dies a slow death. *The Rocky Mountain News* ceased publication in February, and both the LA *Times* and *The New York Times* are wobbling.

As the classic media fights for its life, publishers, editors and reporters grasp at hyperbolic subjects and viewpoints they hope will command attention, in a struggle to retain readership and viewership and to continue to attract advertising dollars. Bad news has long been known to draw more attention than positive stories, so it's not surprising that a concentration on bad economic news would dominate the media right now.

But there are degrees in the extent of negative focus. At the moment, editorial decisions are being made in favor of covering bad economic news at the expense of other important topics, concentrating media coverage obsessively on negative stories about the economy.

For example, last month a TV editor scrapped a story for which I was to be interviewed on some important good news – a potential U.S.-Russian deal to work together on stopping Iran's nuclear program and to cancel the missile defense plan for Eastern Europe – to instead report on the latest U.S. government support for the insurance company AIG. Those micro-level editorial decisions being made throughout the media are what in the aggregate are producing the unitary focus on economic bad news.

No one, least of all I, would argue for media happy talk about the economic crisis. The real underlying factors behind the crisis – the long neglect of a prudent energy policy, or the need to rethink the criteria for extending credit to homebuyers, for example – need to be reported in full, and the media should help to surface new directions and policies to put our economy on a sustainable growth path.

But this constant yammer of the latest declines on Wall Street and how Joe Public feels about the disaster surrounding us is simple fear-mongering, which leads to bearish behavior by investors and shoppers. I am afraid that the media's own perceived interests, at this time when their backs are against the wall, may not be serving public needs as they once did when they could be counted on for more fair and balanced coverage.

This points up the importance of reading, watching and listening critically to what the media is currently reporting, discounting the crisis tone and looking more at the fundamentals of the economy. As President Obama said in his inaugural address, "Our workers are no less productive than when this crisis began. Our minds are no less inventive, our goods and services no less needed than they were last week or last month or last year. Our capacity remains undiminished."

We are experiencing a crisis of confidence, and I fear that the media are fanning the flames in an effort to save their own skins. The ironic thing is that media perceptions of their own interests may be shortsighted. The economic downturn may finally demolish many media companies, whose business fundamentals are weak, along with all the rest of the individuals, companies and other organizations that are being so negatively affected. Ω

InSight archive: *commonwealthclub.org/gloriaduffy/archive.php*