A Special Report of the Business & Media Institute and the Culture and Media Institute

Who'$ Responsible?

Networks blame business, not borrowers, for America's spendthrift ways

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SPECIAL REPORT

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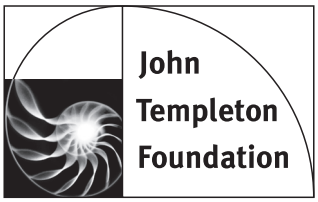

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EXECUTIVE SUMMARY

More than 600,000 homes are currently in foreclosure; both houses of Congress and the president have proposed different bailout plans for the mortgage "crisis;" and Americans are drowning in $2.4 trillion worth of red ink.

But the problems of consumer debt are made worse because the liberal media ignore personal responsibility and instead use the issue to beat up on businesses that lend money to people who want to borrow.

Two divisions of the Media Research Center analyzed evening news reporting on debt from Nov. 28, 2006, (shopping's Black Friday) through Aug. 31, 2007. The Business & Media Institute and Culture and Media Institute examined 156 stories and found that ABC, CBS and NBC overwhelmingly blamed business for "luring" consumers to make bad decisions. At the same time, the three networks ignored personal responsibility and portrayed borrowers as helpless victims who had no hand in their own financial failures. These are some of the findings:

- **Irresponsible Borrowers off the Hook:** Sixty-two percent of the stories on the three networks ignored the consumer's responsibility for debt. Just as many portrayed borrowers as victims, such as the North Carolina family "living off peanut butter and jelly" just to make the mortgage payment.

- **Business Gets a Black Eye:** Lenders and related companies were blamed for borrowers' debt troubles six times as often as borrowers. ABC and NBC even blamed the National Football League for retired players' financial woes.

- **A Penny Saved or Spent:** While network reporters occasionally complained about Americans' negative savings rate, the ideas of savings and thrift were virtually ignored throughout the nine-month period. Only 14 percent of debt-related stories mentioned a savings or thrift theme.

- **Scary Words about the Economy:** Exaggerated descriptions were often used to describe the economy. The terms "economic tsunami," "chaos," "crisis" and "meltdown" painted a bleak

scenario that could undermine consumer confidence. Networks included doom-and-gloom remarks from ordinary people and experts 88 times, and the term "recession" was mentioned 10 times.

- **NBC the Worst:** "Nightly News" blamed business nine times as often as borrowers (19 to 2), and tied with "World News with Charles Gibson" in ignoring the issue of personal responsibility. Both networks omitted it in 66 percent of the stories but NBC outdid itself with its poor coverage.

- **CBS the Best:** CBS was the network most likely to address or promote personal responsibility and also had eight stories promoting savings. The "Evening News" also portrayed fewer people as victims than the other networks.

To improve coverage, BMI and CMI recommend:

- **Include business perspective:** The media should include the business side more often by interviewing lenders, brokers, bankers, etc. This would help balance reports and educate viewers about how businesses assess risk and make other important decisions. When businessmen are unavailable or unwilling to talk, reporters should interview industry associations and think tanks to ensure a balanced report.

- **Personal responsibility is a vital component of the debt story:** No one forces anyone to take out a loan or get a credit card. The inclusion of personal responsibility in stories related to debt and finances is important because it tells a more comprehensive and honest story. Journalists who use profile pieces to humanize their stories should include the personal responsibility angle.

- **Borrowers aren't automatically victims:** Journalists shouldn't simply take the side of borrowers and depict them as victims. The media need to remember that every financial agreement includes at least two parties taking risks and desiring the same outcome – to pay off the loan. Don't save all the hard questions for businesspeople. It is reasonable to ask borrowers tough questions about the assumptions and financial decisions they made.

- **Savings and thrift are important stories, too:** One of the most responsible things any American can do is to save money for a rainy day. Rather than reporting doom and gloom on issues related to finance, the networks can report on how Americans are saving and securing their own financial futures.

- **Take a cue from the morning shows:** Networks utilize financial consultants and experts who give good financial advice to viewers of their morning shows. Evening newscasts would be well served by employing these same experts in their coverage of finance.

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Networks blame business, not borrowers, for America's spendthrift ways

A joint study from the Business & Media Institute and Culture and Media Institute

By Kristen Fyfe and Julia A. Seymour

Americans are up to their necks in debt. With credit cards, student loans, car loans and mortgages, the nation owes roughly $2.4 trillion as of July 2007, according to the Federal Reserve. The nation's media were there to cover almost every drop of red ink.

Low interest rates helped drive a national real estate boom that began in 2000 and led to record home ownership by 2004. Many people borrowed for "dream" homes, second homes or flipped homes as speculative investments. But rising defaults have prompted bailout plans from both Democrats and Republicans in Congress.

"I think a lot of the lenders have really taken advantage of what is a really tough economic situation for many Americans," said Sen. Hillary Clinton (D-N.Y.) in an Aug. 7, 2007, CNBC interview. The presidential candidate said she plans to increase regulation of the industry and "set up a $1 billion federal fund to help homeowners avoid foreclosure."

Another presidential candidate, Sen. Barack Obama (D-Ill.) also blamed "predatory lenders" and has said they should be fined and further regulated, in the Aug. 28, 2007, Financial Times.

The House of Representatives passed an expansion plan Sept. 18, 2007, that would give the Federal Housing Administration (FHA) the ability to guarantee loans for more than 200,000 additional homeowners, according to the Associated Press. President George Bush declared on August 31 that "government has got a role to play" in helping homeowners avoid default.

But even with the subprime problems, home ownership for the second quarter of 2007 was still at 68.2 percent, only a percentage point lower than the record set in 2004. Though media coverage on ABC "World News with Charles Gibson," "NBC Nightly News" and "CBS Evening News" in 2006 and 2007 certainly made the situation sound dire – as if every American was about to lose his home.

When thousands of borrowers started defaulting on mortgages, the networks attacked lenders, ignored the responsibilities of consumers for their own debts and made it appear that the American dream itself was coming to an end.

"We call it the American nightmare," homeowner Amy Wood told ABC "World News with Charles Gibson" on March 26. That phrase summed up more than nine months of network coverage of debt.

March 26, 2007: "The Home Wreckers" series on ABC presented the Tingley family as victims of evil lenders after their mortgage payments increased.

That story about rising foreclosures in Concord, N.C., attacked lenders and virtually ignored the idea that borrowers might have some personal responsibility for their own mistakes. It was the first part of a series ABC entitled "The Home Wreckers."

Anchor Charles Gibson blamed lenders' "creative financing" and reporter Steve Osunsami claimed homeowners were "talked into purchasing" homes with "little or no money down" and low interest rates.

"Their American dream is over," Charlotte Observer reporter Binyamin Appelbaum told ABC's "World News with Charles Gibson." That was a common theme for the network, which blamed lenders four times as often as borrowers (20 to 5) for debt and ignored the issue of personal responsibility in two-thirds of its stories.

Another family struggling to avoid foreclosure – the Tingley's – were presented in the same segment as victims of evil lenders. Osunsami explained that the couple had seen their mortgage payment increase by 20 percent over the builder's low-end estimate of $726.68 per month.

But Osunsami didn't question the Tingley's assumption that they would be able to pay the lowest estimate forever. He never said they put themselves in debt and assumed they would have no trouble selling the house five years later.

This gloomy, anti-business, anti-personal responsibility story was the tip of the iceberg. BMI and CMI found news shows consistently ignored the responsibility of borrowers and turned them into helpless victims of circumstance. That left only one villain – business. Reporters blamed "deceptive" lenders and businesses for the failings of those who borrowed the money.

The analysis covered an ideal time for spending – from Nov. 28, 2006, (Black Friday, the start of the holiday shopping season) to Aug. 31, 2007. Out of 156 stories and briefs on the evening newscasts of ABC, CBS and NBC, researchers found that 114 had a personal responsibility angle, and of those 62 percent (71) ignored the issue. Sixty-two percent of the total stories (97) presented borrowers as victims. Businesses were also six times more likely to be blamed for debt than consumers.

While the news media pointed fingers at business, industry experts were willing to share the burden for mortgage problems. Harry Dinham, former president of the National Association of Mortgage Brokers, said in the Oct. 4, 2007, Newsday, "We're getting a lot of the blame [for the subprime 'crisis'], but there are a lot more players here … Everybody played a part in what's taken place."

No, Really, It's Not My Fault

Every American who takes out a loan or applies for a credit card makes the decision to borrow. But you'd never know it from watching the networks cover issues of personal finance.

This was most obvious in reporters' attempts to explain "subprime" mortgages. On the Aug. 10, 2007, broadcast of "NBC Nightly News," reporter Maria Bartiromo, who generally does a fair job in reporting finance matters, succumbed to the temptation to sugar coat the personal responsibility angle: "… subprime mortgages are mortgages given to people with under-the-radar credit histories, poor credit basically."

Reporter Armen Keteyian did a story on an alleged mortgage scam in Maryland during the July 13, 2007, "CBS Evening News." Again, the missing element was personal responsibility. This time the glaring omission came from the expert Keteyian used in the story, Elizabeth Renuart from the liberal National Consumer Law Center. She said, "financial distress is the weakness that they exploit, because people are so concerned about losing their homes, they'll do almost anything to save them."

Both stories highlighted the failure of the news media to lay responsibility for debt problems at the feet of the consumers themselves. In stories where there was a personal responsibility angle, 71 out of 114, or 62 percent blamed someone else for the consumer's financial problems. It didn't matter whether the story was on consumer debt, retirement, student loan debt, or subprime mortgages and foreclosures; all three networks were reluctant to point the finger at the true culprits.

Night after night, people were "lured" into bad loans, families were "left in a lurch" when their adjustable-rate mortgages adjusted, and retirees who never bothered to save for retirement now "have to" keep working to pay their bills.

ABC and NBC did the poorest job. Two-thirds of the stories involving issues of personal responsibility stories ignored the concept (66 percent, ABC 22/33; NBC 26/39). CBS did better, but still ignored personal responsibility 54 percent (23/42) of the time.

Perhaps the most striking example of anti-personal-responsibility reporting on the debt issue was a series ABC "World News with Charles Gibson" ran in March 2007 called "The Home Wreckers." Here's how anchor Gibson teased the story at the top of the March 26 broadcast:

> "The Home Wreckers. Locking families out of the American dream by offering mortgages too good to be true."

Later in the broadcast he pitched the story again:

> "And when we come back, the easy home loans leading more American families down the path of financial ruin. Is there any way out?"

The two-night series never addressed the responsibility of the homeowners who decided to take advantage of "easy financing." Instead, reporters depicted homeowners as victims "talked into" purchasing their properties. The second night of "The Home Wreckers" series featured a favorite

liberal theme, government intervention, by profiling the efforts being made by the city of Chicago to rescue homeowners with mortgage problems.

On July 12, 2007, "NBC Nightly News" profiled a town in California where foreclosures had hit hard. Reporter George Lewis set up the story with the line, "Too many people with variable-rate mortgages obtained when interest rates were rock bottom now find themselves in a bind, unable to meet rapidly rising house payments." Lewis went on in his report to say, "Some critics blame unscrupulous lenders for pushing people with shaky credit into mortgages they now cannot afford."

No consideration was given to the fact that these borrowers chose to take the loans and whether they researched what their payments would be in the future. Instead, to further downplay the personal responsibility of the borrowers, Lewis used a sound bite from a Los Angeles city councilman, who said, "It's too tempting for someone to try and get these lower rates, thinking that they could be a part of the American dream and not anticipate what problems can occur in the future."

While CBS did a slightly better job addressing personal responsibility, the network still ignored the topic in more than half of its stories. In a July 11, 2007, story about fees banks charge on overdrawn accounts, business correspondent Anthony Mason featured a college student surprised by her bank statement. The woman had been charged for overdrawing her account. Her response? "I think they're sucking money out of the consumers." The woman was never held accountable for the fact that she spent more than she had in her account.

Unlike the network evening news shows, financial experts, including some who appeared on morning TV, touted personal responsibility. Dave Ramsey, a financial planner and author, is a frequent contributor to CBS's "The Early Show." On the April 3, 2007, broadcast of that program, Ramsey was interviewed by anchor Russ Mitchell about subprime mortgages. Ramsey's comments drummed the personal responsibility beat again and again.

> "You ought to kind of have a clue in your own life. If you're behind in your bills, you have no money, your income is not great, you're probably not getting the best mortgage."
>
> "Pay your bills on time or early for a couple of years. You are then ready in your own heart, in your own character, plus your credit, to purchase a home."
>
> "… being on the b-word, the budget. Living on less than you make, having a goal and saying, I don't have to do this today. It could be a two-year goal to buy a home….It's OK to rent for a little while, while you get your act together."

Producers and reporters choose the experts they include in their stories. Clearly there are people in the field, like Dave Ramsey, who bring the message of accountability and responsibility to a story. The inclusion of this point of view provides more balance but doesn't fit into the networks' "blame business" mentality.

Business Takes Blame for 'Toxic' Loans and other Financial Failures

Network journalists gave borrowers a pass when it came to debt, but didn't extend the same courtesy to companies. Businesses were blamed six times as often as borrowers for debt, foreclosures, bankruptcy, lack of health insurance and similar financial dilemmas.

Reporters labeled lenders "unscrupulous," "deceptive," and "abusive" and said they "lured" borrowers to financial ruin. As earlier noted, ABC even labeled mortgage lenders "The Home Wreckers" in its March 2007 series, accusing mortgage lenders of "taking borrowers down the road to bankruptcy." Loan products got the same treatment, being referred to as "cheap," "easy," "risky," "bad" and even "toxic."

All three networks blamed lenders, mortgage companies, credit card companies and even the National Football League for people's debt. "He once wore number 73 for the Jacksonville Jaguars. But today, Brian DeMarco says that punishment has left him totally disabled, uninsured and broke because he can't get the NFL to hear his claim for disability benefits," said ABC's Dean Reynolds on June 26, 2007.

ABC sided with players, raising a tough question: Should the NFL be blamed when DeMarco chose a career that typically lasts less than four years and comes with a high risk of serious injuries or disability – not to mention much higher pay than average Americans? According to USA Today, DeMarco made $464,500 in 1996, for just one of his four years of NFL play. That was more than 13 times the median household income of $35,172 the same year, but "World News" didn't provide that context for viewers.

NBC also took up the cause of disgruntled NFL players on July 13, 2007, in a "Making a Difference" segment.

Hedge fund managers were hit hard by "NBC Nightly News" on June 26, 2007. Reporter Carl Quintanilla criticized funds that made "bad bets" and "lost billions" and then worried "they're trying to court a new, more vulnerable audience." That "vulnerable" group of people, according to NBC, is the upper middle class.

Quintanilla's segment also tainted the reputation of "hedge fund millionaires" by showing a clip from the quintessential "business is evil" movie, "Wall Street," and mentioning the upcoming sequel that will feature villain Gordon Gekko as a hedge fund manager.

That fit the network's pattern. NBC blamed business more than ABC or CBS – nine times more often than borrowers. CBS blamed business seven times as often as borrowers and ABC blamed business four times as often.

Borrowers on all three networks were blamed in only 10 stories out of 156 – a measly 6 percent. That small number included some outlandish examples of personal spending – including one about a "Santa" who repaired and gave away cars, but fell "way behind" on his own car payments; a condo-flipper in Miami who spent her entire life savings on the investment, and NFL players like DeMarco who made roughly $430,000 above the median income in 1996.

Contrast that with the 66 times that businesses were blamed – more than 42 percent of all stories. The networks attacked lenders for loaning money and for not loaning money. They battered banks for overdraft fees and charged credit card companies with trapping customers with high interest and fees.

March 9, 2007: NBC's Diana Olick accused lenders of "entic[ing] borrowers" on "Nightly News" and borrower Tammy Omada blamed her lender too.

As the year went on, the increased number of defaulting mortgages led to an increase in coverage of the subprime lending industry. According to the Mortgage Bankers Association, there were about 620,000 homes in some stage of the foreclosure process in the second quarter of 2007. The media used the number as another excuse to attack industry. Brian Williams described adjustable mortgages as "time bombs" and NBC's Diana Olick accused lenders of "entic[ing] borrowers with no money down and low monthly payments" on the March 9, 2007, "Nightly News."

In that same story, borrower Tammy Omada also blamed her lender for her financial difficulty: "She should have just been honest and said, you know, 'You can't afford this loan.'"

Network reporters used quotes just like that to blame business. Reporters turned to a long line of experts and man-on-the-street interviews to support their criticism. One of the strongest statements of blame throughout the study window came from securities consultant Janet Tavakoli on the Aug. 4, 2007, "Evening News." She was being interviewed about the impact of foreclosures on the Dow Jones Industrial Average when she blasted mortgage companies:

"[T]his was one of the largest Ponzi schemes in financial history, where basically risky mortgage products were made to people who couldn't afford them."

In the financial world, that was the mother of all criticisms. "Ponzi" schemes are "a type of illegal pyramid scheme" where money from new investors is used to pay earlier investors until it collapses. But Charles Ponzi's own scheme was an audacious currency and postage fraud in which he promised investors a 40 percent return in 90 days, according to the Securities and Exchange Commission.

Cry Me a River: Exploiting 'Victims' and Promoting Bailouts

On American streets, victims are mugged, shot or even killed. To become a "victim" on the evening news, all people had to do was borrow money.

NBC showcased Petra Reyes, a California condo owner, as a soon-to-be foreclosure victim during the Aug. 9, 2007, broadcast. When Reyes declared that her lender "did absolutely nothing" for

her, the "Nightly News" didn't include any rebuttal. Instead the reporter underlined Reyes' perspective, saying, "She feels cheated."

In its "Home Wreckers" series, ABC's "World News" included a couple who "lived off of peanut butter and jelly" to avoid foreclosure.

Each victim seemed more distressed than the one before. The Aug. 8, 2007, "Evening News" featured a report about Steve Skvara, a "60-year-old retired steel worker" who asked the Democratic presidential candidates what they would do about health insurance.

"Every day of my life I sit at the kitchen table across from the woman who devoted 36 years of her life to my family and I can't afford to pay for her health care. What's wrong with America, and what will you do to change it?" Skvara asked.

Then CBS reporter Michelle Miller blamed Skvara's former employer for his financial troubles: "Steve Skvara spent more than 30 years working here at the LTV Steel plant in East Chicago, Indiana … But then the company went bankrupt. His financial future crumbled. He lost part of his pension and all of his health insurance."

Victim stories were a favorite practice for all three networks. In debt-related stories, the three networks featured victims 62 percent (97/156) of the time. By wrapping their debt stories around the most sympathetic and problem-plagued people they could find, the networks undermined the very idea of accountability. Borrowers were pitied, businesses blamed. The networks pointed to government intervention as the answer, the typical liberal solution.

"Thousands of homeowners lured in by those easy-to-get mortgages…," fretted ABC's David Muir on the June 12, 2007, broadcast. When it came to employing the "woe is me" angle, ABC beat the rest. ABC's "World News with Charles Gibson" employed the victim angle in 33 out of 44 stories, or 75 percent of the time.

"World News" anchor Dan Harris introduced a June 17, 2007, story by attacking private lenders who "may be hurting the poorest students." Nicole Gibson was supposed to represent that statement. The Rochester Institute of Technology (RIT) graduate said, "I got to sacrifice food on my table [because of her high student loan payments] and I don't see that as a fair, fair option." The ABC report claimed that the young woman made only $1,400 a month and owed $1,200 a month in student loans.

But correspondent Gigi Stone didn't explore ideas like renegotiating the payment plan, loan consolidation and other avenues for lower payments including a different job or relocating. Gibson also had problems of her own making. ABC didn't mention that tuition at RIT was nearly $25,000 a year – more than four times the average annual cost of undergraduate tuition, according to the October 2006 U.S. News and World Report.

ABC further promoted the idea that students are poorly treated by lenders by quoting liberal Democratic Attorney General Andrew Cuomo of New York State, who said, "They're being victimized when they go to those private lenders and that's wrong."

While they didn't rely on victims as much as ABC, NBC used them in 61 percent (33/54) of stories and CBS used victims in 53 percent (31/58).

June 12, 2007, was a good night for victims on the "NBC Nightly News." In a story about the pending retirement of baby boomers, reporter Tom Costello painted a picture of seniors, actually a "senior tsunami," that would start "rolling across the country in just five years."

The illustration? A 61-year-old "active" single mother "without enough savings to even consider retirement." These retirees, according to the featured expert from the liberal Brookings Institution, are the "Woodstock generation, OK? … Their parents are the Ozzie and Harriet generation." This explanation seemed intended to excuse this group's lack of retirement foresight.

Costello reported that these seniors were the "type that actually will live for today rather than save for tomorrow." He added that most of these seniors were "likely to keep working because they have to." But Costello implied that the "dream of a tropical retirement" not being "an option" for retiring boomers was a function of the economy, rather than a lack of planning on the part of the retirees. The 61-year-old single mom, brought back on to bookend the piece, commented that the tropical retirement had become a "dream of the past."

CBS used victims less than the other two networks, but still had them in more than half its stories (31 out of 58). Katie Couric's introduction to the Aug. 7, 2007, broadcast included this pity-full sentence: "There's no place like home. And no home at all for many Americans who can't get a mortgage."

When the networks framed stories around a victimization case study, they rarely told viewers how the featured "victims" got into their predicament. In a story from the Aug. 23, 2007, ABC broadcast, the problem was portrayed in two steps.

First, reporter Betsy Stark introduced a hairstylist in Atlanta with a subprime mortgage she was unable to refinance. The viewer was never told why. After reporting that 3 million adjustable-rate mortgages were due to reset in the next year, Stark then cut to a sound bite from Sharon LaPierre, who said, "Ten days before Christmas I was served with foreclosure papers that I would lose the house. It wasn't a very good Christmas." No context was provided for either woman's situation. Stark juxtaposed these stories with a pitch for a government bailout.

> "The issue now is how to keep people in their homes and the country out of recession. Bailout plans are starting to circulate. One proposal: a national mortgage refinancing corporation that would keep people in their houses by getting them into loans at affordable rates. We're gonna be debating this for a while."

Besides using profile pieces and emotional pleas, the networks also painted a picture of victimization without actually presenting victims on the screen. Reporters and anchors used loaded language like "trapping homeowners who took advantage of risky loans," or "investors are plagued," or "Americans are being hurt," to communicate the message that borrowers were victims.

A Penny Saved Was Hard to Find on Network News

When it comes to finances, there is nothing more responsible than saving and spending wisely. Avoiding the "microwave mentality" of "I want it and I want it now" is no small feat in today's culture. For all the hand-wringing over negative savings rates and credit card debt, there was little offered up by the networks in the way of stories dealing with savings and thrift.

Out of 156 stories or briefs dealing with issues surrounding debt and money, only 22 (14 percent) dealt with savings. CBS had the most stories, with 10. ABC had seven and NBC had five. On CBS (8 out of 10) and ABC (6 out of 7) more of these stories than not promoted savings. On NBC only two out of five promoted thrift.

NBC showed how on the networks, it often came down to greed. Kerry Sanders used a July 26, 2007, "Nightly News" report to explain how investors had lost nearly everything in the Miami condo market:

> "They're some of the most spectacular views in Miami, but those storm clouds over this city's condo market are now symbolic of gloomy values ... In some buildings half the units were purchased by investors. Natalie and David Luongo got caught up in the hysteria. In eight months, they pocketed $130,000 flipping an unbuilt condo. But now they're stuck, three other condos, a quarter million dollars down, closing set for the end of the month."

Talking about her "misfortune," the featured condo flipper Natalie Luongo said:

> "It's very hard to deal with. I mean it's literally my whole life savings, and it's going to be now living paycheck to paycheck."

In this story there was also talk of "investors squirming out of contracts" and "vulture investors" who pick "at the remains of dead deals." While one could argue that is a thrifty thing to do, it was painted in a most negative light.

When the networks tried, they could tell a good savings story. In a two-part series about the high cost of college which aired in February, ABC's "World News with Charles Gibson" highlighted "529" savings plans that help people save for a child's college education. An ABC poll revealed that fewer than 10 percent of parents had opened such a plan, and nearly two-thirds of parents had never heard of them.

In reporting on the 529 plan, ABC's John Berman profiled parents of young children who were already preparing to save for their children's college educations. Berman was sure to mention in the story that the plans were good for low- and middle-income families, telling viewers saving was something everyone could do if they so chose.

Aug. 10, 2007: Nicole Ridgeway of Smartmoney.com worried that if consumers pulled back the economy would be harmed on "CBS Evening News."

To Spend or Not to Spend?

While over-spending caused problems for consumers, even not spending was treated as scary – maybe even detrimental – by the networks. In some stock market reports, which had good news, the specter of savings loomed large.

In mid-August, while the financial markets were riding a veritable roller coaster, reporters seemed to twist and turn about what the consumer should or shouldn't do. On Aug. 10, 2007, the morning the Fed surprised Wall Street with an infusion of $38 billion, CBS's Kelly Wallace asked experts about the effects the subprime mortgage problems were having on Wall Street's performance.

One of those experts, Nicole Ridgeway from Smartmoney.com, told viewers that the days of zero-percent-down mortgages were over. Wallace then asked, "The key is, how will consumers, the backbone of the economy, react?" Ridgeway replied, "That is a big fear here, is that consumers will sort of say, 'Whoa, I'm not going shopping today.' Like, 'I don't need these things.' And going back to the basics and really trying to hang onto their money."

Note that cutting back on spending and saving money was described as a "fear" by the expert CBS chose to include in the story. The network didn't try to decide if it were an act of responsible financial management.

A similar theme showed up on the "Nightly News" on Aug. 16, 2007. CNBC's Bartiromo told anchor Brian Williams that there was good news at the closing bell on Wall Street. But, she warned, "We are not out of the woods yet." Bartiromo described the dangers the market faced – especially from consumers. "And of course the next piece of the puzzle to watch is the consumer. Are we going to see the consumer pull in their spending the way they've rolled over in housing and slow the economy that much further? That's what we're watching next to see if in fact the comeback tonight has legs."

Both networks suggested that consumers were doing something bad by spending less. What's a consumer to do? There's a double standard. Reports about negative savings rates – spending more than you earn – served to scold Americans addicted to credit, but other stories said Americans who tried to live within their means were imperiling the national economy.

Dr. Gary Wolfram, a professor at Hillsdale College and an adviser to the Business & Media Institute, explained that the idea promoted by the media—that the economy will be harmed by slower consumer spending—comes from demand-side economic theory, rather than supply-side. He explained why a decline in consumption is not likely to negatively impact the overall economy:

"People become more productive when they are better educated and have better technology. So by increasing savings we increase the availability of resources to make capital goods [buildings, inventory, education], which make us more productive in the future," said Wolfram.

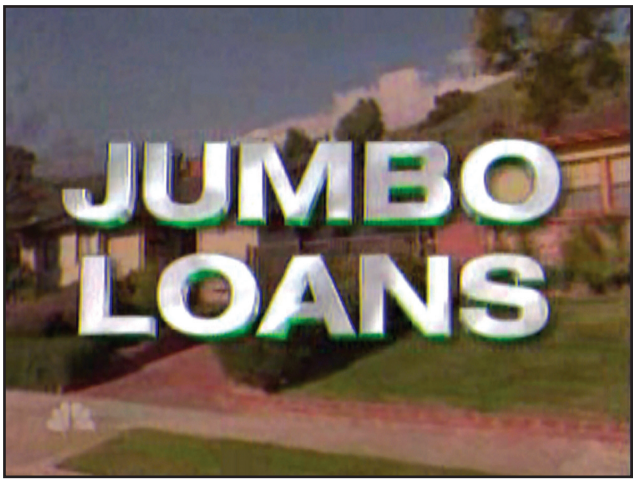
When people stop consuming, they put money in the bank, which loans the money to businesses for capital improvements. In the end, that increases overall productivity and benefits the economy, explained Wolfram.

Double Standards

The double standard used by networks regarding thrift and spending wasn't the only contradiction. The networks created another regarding lending standards. Business was damned either way. As foreclosures increased, reporters blamed companies for using "lax" standards and lending too much to subprime borrowers. But it wasn't long before lenders were being attacked for something else – not lending.

"As housing prices shot up, mortgage companies were lending to people with questionable credit. Now, 900,000 homes are in foreclosure across this country," said ABC's David Muir on March 13, 2007, before mentioning that "Federal regulators now want mortgage companies to stiffen lending criteria."

CBS's Anthony Mason presented a similar view on the same evening, mentioning an attorney general who advocated "tougher standards for lenders." But Mason warned that tighter restrictions on lending could adversely affect the U.S. economy and create a "housing-led recession."



Aug. 16, 2007: Would-be borrower Terese Berner complained to NBC viewers that she couldn't get a $600,000 home loan. "This is America, right?" said Berner.

Just a few short days later, ABC's Betsy Stark was worried about recession because of higher credit standards. "Imagine what that means for an economy that runs on credit. We're all using our credit cards all the time," said Stark.

As recently as Aug. 17, 2007, Stark was citing the same fear that a credit crunch could send the economy into a "standstill."

CBS's Seth Doane called tightened standards a "harsh reality" on Aug. 26, 2007, but used an example of a woman trying to get a jumbo loan (more than $417,000) for a second home. NBC's Trish Regan warned on April 14, 2007, that it was causing borrowers to get "caught in the middle of the biggest mortgage crisis in decades" and was "leaving families … in the lurch."

CBS called those having trouble refinancing "victims of a perfect storm" on Aug. 16, 2007. Cynthia Bowers report also complained that "it's gotten harder for anyone to get a loan. Even people with good credit."

NBC complained about the scarcity of jumbo loans in an Aug. 16, 2007, segment. Reporter Diana Olick explained that it was "leaving potential home buyers like Terese Berner out in the cold." The Berners were trying to acquire a $600,000 loan when their lender "went belly up."

"We worked really hard, and we can't buy a home. Makes no sense. This is America, right?" Terese Berner complained to NBC.

It didn't matter what lenders did – it was wrong. According to the networks, providing "cheap" loans created the "crisis." Tightening requirements for loans, well, that deprived people of the American dream.

Conclusions

Once the subprime mortgage problems became more than a blip on the radar for the network news, there was a mad rush to hype the consequences to the economy. The terms "recession" and "bailout" were used more often.

Instead of simply reporting the news, the media mixed together complaints, problems and left-wing solutions. That served as the foundation for new government regulation. ABC's Betsy Stark in "The Home Wreckers" series mentioned talk of a "national mortgage refinancing corporation." The idea of government intervention to fix whatever ails the country is a liberal dream and the media help achieve it.

It was no surprise then when, on August 31, President Bush announced plans to use the FHA to help borrowers with "good credit" refinance mortgages to avoid foreclosure. The media's cries for federal help had been mounting steadily in the weeks prior to the president's decision.

The networks stepped all over traditional values and advocated for a society where no one wanted to hold anyone accountable for anything. Political correctness demands sanitization of individual accountability lest someone be offended, or some moral truth be affirmed. The media feed this mentality in many ways while covering social and political issues.

That mindset affected the evening news broadcasts and how they handled debt. As noted by Gary L. Wolfram, Ph. D., a professor of political economy at Hillsdale College, in a Sept. 5, 2007, column for the Business & Media Institute, "The difficulties in the subprime lending market are beginning to generate a chorus for a bailout of the mortgage industry." The networks like the liberal mantra of the victimization of the many by the few. It feeds the bailout and entitlement mindset.

But in the end, no one forces anyone to sign loan papers. No one forces anyone to refinance a mortgage. No one forces anyone to sign up for credit cards. Everyone who enters into any kind of financial agreement should be expected to read and understand the documents he or she is signing, and if they don't, they shouldn't sign the papers.

This was clearly not the position the evening news programs took. Words like "lured," "victim" and "entice" painted a picture of people being taken advantage of by evil business interests. And when things went poorly, the call for bailouts became the order of the day. Government intervention was termed a "rescue," and celebrated by the liberal media.

Depicting business as evil and untrustworthy, and consumers as victims, was far from balanced reporting. It didn't paint an accurate picture of the economy. And fundamentally, it helped harm the culture.

Businesses aren't evil. Neither are borrowers. Both deserve equally fair treatment. And issues as culturally important as debt and savings deserve better treatment than they've received recently by the broadcast evening news programs. If the networks really want to educate consumers about the economy, they need to be willing to look at personal responsibility on a regular basis and tell the viewers to take a hard look at themselves.

Recommendations

To improve news coverage of debt, BMI and CMI recommend:

- **Include business perspective:** The media should include the business side more often by interviewing lenders, brokers, bankers, etc. This would help balance reports and educate viewers about how businesses assess risk and make other important decisions. When businessmen are unavailable or unwilling to talk, reporters should interview industry associations and think tanks to ensure a balanced report.

- **Personal responsibility is a vital component of the debt story:** No one forces anyone to take out a loan or get a credit card. The inclusion of personal responsibility in stories related to debt and finances is important because it tells a more comprehensive and honest story. Journalists who use profile pieces to humanize their stories should include the personal responsibility angle in their stories.

- **Borrowers aren't automatically victims:** Journalists shouldn't simply take the side of borrowers and depict them as victims. The media need to remember that every financial agreement includes at least two parties taking risks and desiring the same outcome – to pay off the loan. Don't save all the hard questions for businesspeople. It is reasonable to ask borrowers tough questions about the assumptions and financial decisions they made.

- **Savings and thrift are important stories, too:** One of the most responsible things any American can do is to save money for a rainy day. Rather than reporting doom and gloom on issues related to finance, the networks can report on how Americans are saving and securing their own financial futures.

- **Take a cue from the morning shows:** Networks utilize financial consultants and experts who give good financial advice to viewers of their morning shows. Evening newscasts would be well served by employing these same experts in their coverage of finance.

About the Business & Media Institute

The Business & Media Institute (BMI), a division of the Media Research Center, is the only media watchdog operation devoted to monitoring business and economic issues. Its mission is to advance the culture of free enterprise in America. According to a survey by the National Council on Economic Education, 79 percent of Americans get the majority of their economic information from television. The study determined that an astounding 61 percent of the general public could not answer questions about basic economic concepts.

It is BMI's goal to bring balance to economic reporting and to promote a fair portrayal of the business community in the media. Providing resources for journalists, such as connections to sources who can speak intelligently about the economy, is one way it pursues this end. BMI, formerly known as the Free Market Project, has produced numerous pieces of research, many of which received critical acclaim in the national media. Its analysts cover a range of issues including global warming, taxes, regulation, government spending, and Social Security.

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About the Culture and Media Institute

The Culture and Media Institute's mission is to advance, preserve, and help restore America's culture, character, traditional values, and morals against the assault of the liberal media elite. Founded in October 2006 with a challenge grant from the Templeton Foundation, CMI has already attracted attention from the Rush Limbaugh Show, Fox News Channel, CNN and many other news outlets.

Using the unique resources at Media Research Center, CMI is exposing media campaigns against the traditional values of faith, self-reliance, patriotism, marriage, decency, civic pride, gratitude, industriousness, and good manners. CMI staffers appear regularly on TV, radio and in print, and publish periodic reports as well as articles for outside publications.

CMI's staff is wielding a vital weapon in America's ongoing culture war: scientifically sound media studies, accompanied by lively commentaries. CMI's National Cultural Values Survey serves as the foundation for a series of studies examining what Americans believe and how the media are affecting the nation's views on a range of isses.

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About the MRC

Founded in 1987, the Media Research Center (MRC) is America's largest and most respected media watchdog group. Its mission is to create a media culture where truth and liberty flourish in America.

The Alexandria, Virginia-based organization brings balance and responsibility to the news media through its **News Analysis Division**, which documents, exposes and neutralizes liberal media bias; the **Business & Media Institute**, which audits the media's coverage of economic issues; **TimesWatch.org**, which monitors The New York Times; and **NewsBusters.org**, the MRC blog, which exposes liberal media bias 24 hours a day.

The MRC is also home to the **Cybercast News Service (CNSNews.com)**, an Internet news outlet that is dedicated to providing unbiased coverage of the news of the day.

In 2006, the MRC launched the **Culture and Media Institute** with a mission to advance and help restore America's culture, character, traditional values and morals against the assault of the liberal media elite.

Former CBS reporter and now best-selling author Bernard Goldberg says of the MRC, "The Media Research Center folks don't give the media hell; they just tell the truth and the media think it's hell."

The MRC is organized under Section 501(c) 3 of the Internal Revenue Code, and contributions to the MRC are tax-deductible for income tax purposes. The MRC does not accept government grants or contracts. We raise our funds each year solely from private sources including individuals, foundations, and corporations.

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