



MEDIA MYTHS FREE MARKET PROJECT

AUDITING THE MEDIA'S COVERAGE OF THE FREE MARKET SYSTEM



FREE MARKET PROJECT . 325 SOUTH PATRICK ST . ALEXANDRIA, VA 22314 . (703)683-9733 . WWW.FREEMARKETPROJECT.ORG

January 25, 2006

HIT JOB

NETWORKS EMPHASIZE LAYOFFS IN A YEAR OF 2 MILLION NEW JOBS

EXECUTIVE SUMMARY

More than 2 million new jobs were created in 2005 but that wasn't the story presented by the evening news. The three broadcast networks downplayed strong growth and, instead, emphasized negatives such as corporate layoffs and outsourcing in more than half the stories about jobs or unemployment. As Trish Regan of "CBS Evening News" put it in the July 20 broadcast, "Twenty-five thousand layoffs and more on the way. I'm Trish Regan with why the jobs picture is looking very 'pink' these days."

Colored reporting like that has left the Bush administration's economic record black and blue. With the president's State of the Union address on January 31, the economy will come under fresh scrutiny, so it is essential to separate the facts from the media spin. Roughly 4.8 million jobs have been added since August 2003 - 29 straight months of posi-

"Just three days before Thanksgiving, GM is carving up its work force like a Butterball turkey."

- Jim Acosta, "CBS Evening News"
Nov. 21, 2005

tive job growth. Unemployment just dropped down to 4.7 percent, lower than the average of all three recent decades.

These findings are the result of a detailed analysis of job and employment coverage by the Media Research Center's Free Market Project (FMP). FMP studied 151 stories on the 2005 evening news shows from all three broadcast networks - ABC, CBS and NBC - to assess how they had reported on both job losses and gains during a year of strong employment growth. Here are the conclusions:

- **Job Losses, Not Gains:** The

networks focused on job losses in slightly more than half the reports (76 out of 151). Just 35 percent of the stories addressed job gains (53 out of 151). In one report, Jim Acosta of the "CBS Evening News" left viewers with a memorable image of the 8,700 job cuts at General Motors in his November 21 story: "Just three days before Thanksgiving, GM is carving up its work force like a Butterball turkey."

- **Government Spending Promoted:** Two of the big Washington stories - the transportation bill and cutbacks at military bases - showed how hypocritical the media were. The \$284 billion transportation bill was filled with pork, but created thousands of new jobs that news reports barely mentioned. But when military bases were cut to save \$48 billion over 20 years, the news shows did three-and-a-half times as many stories bemoaning the job losses.

- **283,000 Jobs Ignored:** Initial unemployment reports are later revised, but the networks ignored those revisions. In 2005, most of those changes added jobs, so network news skipped nearly 300,000 jobs in all of the stories except those few that included cumulative totals.

- **CBS the Worst Network:** By embracing the highest percentage of job loss stories and the lowest percentage of stories about job

gains, CBS presented a skewed picture of employment. Reporter Trish Regan's July 20 broadcast was one of the year's worst. After a quote from Fed Chairman Alan Greenspan about "sustained economic growth," she undermined it. "But his sunny forecast isn't being felt on the factory floor - Kodak cutting up to 10,000; Hewlett-Packard 14,500 layoffs - or on the streets, where reality trumps forecasts." Despite those numbers, the overall economic

picture doesn't reflect Regan's "reality."

- **ABC the Best:** ABC presented the highest percentage of stories about job gains of all three networks. In addition, "World News Tonight" did nearly as many stories about jobs gained as a result of the transportation bill as it did about jobs lost due to the military base cutbacks.



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The numbers sounded more ominous with each report - 7,000, 20,000, 30,000 ...

600,000 jobs lost. Outsourcing, high energy prices and high government spending were depicted as draining the lifeblood out of the American economy. Ford Motor Co. (NYSE: F), one of the latest casualties of the American auto industry, just announced 30,000 layoffs. And the evening news shows have been there to tell the story of job losses and unemployment in gory detail.

Only that story is a fairy tale. Certainly, there have been job losses. Auto workers have been particularly hard hit, as have residents of the Gulf areas savaged by Hurricane Katrina. But the real story of American employment in 2005 was good

news - news often ignored or disregarded by the very media supposed to report it.

Two million new jobs were created in 2005. Roughly 4.6 million have been added since May 2003 - 29 straight months of positive job growth. Unemployment just dropped down to 4.7 percent, lower than the average of all three recent decades.

That wasn't the way the jobs picture was painted on the ABC, CBS and NBC evening news shows in 2005.

The three broadcast networks downplayed strong growth and, instead, emphasized things like corporate layoffs and outsourcing in slightly more than half the employment stories. As

Trish Regan of the "CBS Evening News" phrased it in the July 20 broadcast, "Twenty-five thousand layoffs and more on the way. I'm Trish Regan with why the jobs picture is looking very 'pink' these days." Her comments ignored the fact that less than two weeks earlier the government had reported an increase of 146,000 jobs.

CBS wasn't the only network to color its view of job growth and the economy. ABC and NBC both made the employment situation seem as black as possible.

On May 3, ABC "World News Tonight" reporter Betsy Stark warned that the upcoming Labor Department numbers would be bad news.

“And the next jobs report on Friday should tell us about how much the economy slowed down,” she said. Three days later, the government said the total number of jobs created was 274,000, the best initial report of 2005. Stark didn’t bother to correct her wildly incorrect prediction.

Those April employment numbers were 80,000 stronger than economists had predicted, but Elizabeth Vargas of “World News Tonight” treated the results as merely “some encouraging news” in her May 6 introduction. Stark followed up with a similarly tepid assessment, saying “Today’s report was reassuring evidence that the nation’s job market and economy are on solid ground.”

By any measure, those numbers weren’t just “solid,” but significant. The results were more than 40 percent higher than what analysts had predicted – and those same analysts said it would be a good month with 194,000 new jobs.

The total was also much higher than the 150,000 that many economic pundits claim is needed each month. New York Times columnist Paul Krugman said in a December 2003 column that 150,000 is the number “needed to keep up with a growing working-age population.”

The Federal Reserve would argue Krugman is exaggerating. According to a paper by the Federal Reserve Bank of Atlanta, “the more appropriate job creation target to keep unemployment under control is 1.17 million

jobs per year, or about 98,000 jobs” per month. That October 2004 paper by research economist Julie L. Hotchkiss said a decline in the percentage of people participating in the economy had lowered the need for new job creation.

Her findings weren’t included in the evening news reports about employment. The networks were too busy describing all of the bad news to hit the job market. Overall, job loss stories made up slightly more than 50 percent of all job and employment news. Stories about job gains were just better than a third of the reports (35 percent). Another 15 percent included news of both job losses and gains in the same story.

This is the result of a detailed analysis of job and employment coverage by the Media Research Center’s Free Market Project (FMP).

FMP studied the 2005 evening news shows on all three broadcast networks – ABC, CBS and NBC – to assess how they had reported on both job losses and gains during a year of strong employment growth.

Good news was typically treated with skepticism as it was on the December 2 “NBC Nightly News.” Anchor Brian Williams began the broadcast with a strong note of caution: “Rebound: A slew of good news about jobs and the economy, but are there warning signs ahead?” That’s how he prefaced a report detailing 215,000 new jobs.

Heritage Foundation economist Tim Kane labeled the year’s reporting as “unfulfilled promises of doom.”

Kane, the Bradley Research Fellow in Labor Policy in the Center for Data Analysis, added: “Outsourcing was supposed to lead to devastation. I heard the thunder, where’s the lightning?”

Outsourcing has been just one of the clubs used by critics of the Bush administration when it comes to jobs and the economy. President George W. Bush defended his record in a Jan. 6, 2006, speech to the Economic Club of Chicago right after the December employment numbers were released: “Americans are going to work; this economy is strong and we intend to keep it that way.”

Now that the president’s annual State of the Union address is just days away on January 31, the question will be which story will the American public believe – the one about job growth or the fairy tale of job losses read to them each night during the evening news?

Job Gains vs. Job Losses

Despite the year’s stellar performance in job creation, the evening news shows had no trouble focusing on job losses. The percentage of job loss stories hardly varied from network to network.

NBC’s 48 percent was just slightly lower than the 50 percent of ABC or the 51 percent of CBS.

The networks did diverge on how they presented job gains. ABC's "World News Tonight" reported on job gains in 39 percent of its stories, higher than both NBC at 36 percent or CBS at just 31 percent. That combination made the "CBS Evening News" the most pessimistic news show, embracing the highest percentage of job loss stories while delivering the lowest percentage of stories about job gains.

CBS's Trish Regan was consistent with that finding when she delivered one of the most negative job reports of the entire year with her July 20 broadcast. She began with a brief quote from Fed Chairman Alan Greenspan about "sustained economic growth," and then did her best to undermine it. "But his sunny forecast isn't being felt on the factory floor - Kodak cutting up to 10,000; Hewlett-Packard 14,500 layoffs - or on the streets, where reality trumps forecasts."

Regan's view of "reality" neglected all 146,000 new jobs created in the economy and the fact that job creation numbers take job losses into account. She continued: "In June, nearly 111,000 jobs were lost, making it the worst stretch of job losses in nearly a year and a half." Regan ended her tale of woe with warnings about oil prices and concerns about housing "if that bubble bursts."

In November, "NBC Nightly News" delivered a similarly skeptical outlook. Reporter Tom Costello interviewed 29-year-old Sara Doggett, who was "finding it tough to make ends

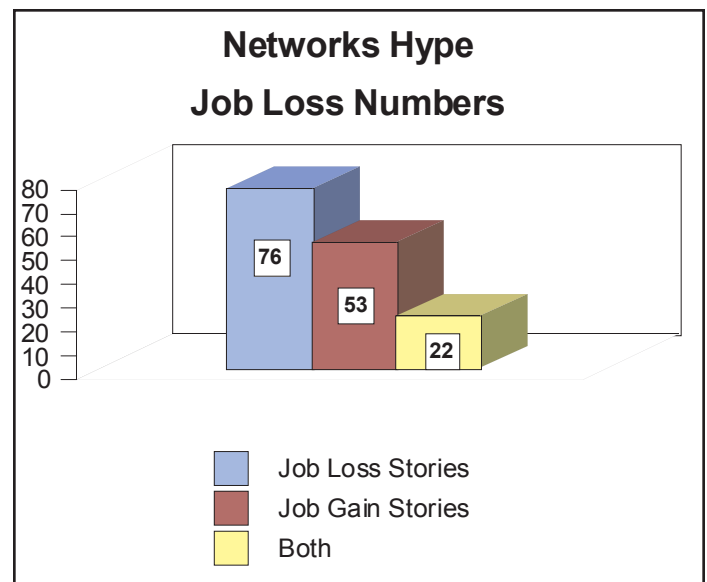
meet." "She's not alone. Recent polls indicate many Americans think the economy is in poor shape, blaming energy prices and job insecurity," pronounced Costello. Despite including some positive comments, his November 4 story continued to accentuate the negative.

"The question now, is the economy creating enough jobs to keep the unemployment rate at just 5 percent?" he added. Costello overlooked the fact that 5 percent was a rate lower than the averages for the last three decades.

CNBC's Ron Insana interjected a brief dose of reality by saying "Most economists believe that this is about as good as it gets." That didn't stop Costello from disagreeing when he concluded his report: "But for people like Sara Doggett ... an economy just a bit off-key."

Grinding Gears in the Motor City

The news coming out of Detroit isn't all bad, but it is close. The market share of the American car industry has declined while the Big Three of Ford, General Motors Corp. (NYSE: GM) and DaimlerChrysler (NYSE: DCX) have wrestled with increasing competition, huge costs for existing employees and enormous obligations to retirees. The



automakers have fallen on hard times and the networks followed "the troubles in the auto industry" closely.

In an attempt to stay competitive, automotive companies have cut back benefits and resorted to layoffs. Jim Acosta of the "CBS Evening News" left his viewers with a memorable image of the 8,700 job cuts at General Motors in his November 21 story: "Just three days before Thanksgiving, GM is carving up its work force like a Butterball turkey."

None of the other network reports was quite so melodramatic, but they stuck to the same theme. Twenty-six stories (17 percent) were about corporate job cuts or layoffs, many of them in the auto industry. Job losses, especially from outsourcing labor to other nations, were blamed for threatening the American way of life. In an April 10 story, "World News Tonight" reporter Terry Moran even linked the decline of the union movement with "One big reason, American manufacturing has lost millions of jobs."

While Moran was talking about manufacturing in general, the evening news shows were focused on Detroit and the auto industry. CBS's Trish Regan made the connection obvious in a December 8 report. "Donald is one of the hundreds of thousands of displaced manufacturing workers struggling to make ends meet in this changing economy. Jobs in traditional industries, the ones that helped build this country, are slowly disappearing."

Regan hit her viewers over the head with her examples - a former auto-worker-turned-cab-driver making less than half his old salary and a Delphi (Other OTC:DPHIQ.PK) auto parts electrician raising his children alone after his wife's death facing a 40-percent salary cut.

Regan neglected the rest of the story - new technology jobs with Web sites, Apple, Microsoft and more.

On June 5, reporter Mika Brzezinski of the "CBS Evening News" showed the network bias clearly. Brzezinski delivered a typical good news/bad news story about "GM's plight": "While Montgomery, Alabama, was celebrating the opening of a new Hyundai factory, General Motors was shutting down its 68-year-old plant in Linden, New Jersey."

But that was the last time her story mentioned the new plant. Brzezinski spent her three-and-a-half minute story dwelling on the horrors facing the GM workers. She ended on another

"Rebound: A slew of good news about jobs and the economy, but are there warning signs ahead?"

**- Anchor Brian Williams
"NBC Nightly News," Dec. 2, 2005**

ominous note about events to come: "Events that are forcing secure, high-paying jobs with full health and pension benefits to go the way of the Oldsmobile - into oblivion."

Only at the very end of her broadcast did Brzezinski mention that all of the auto workers who were losing their jobs would continue to receive paychecks until 2007, more than 18 months after her report.

Moving on From a Tragedy

Katrina's devastation took more than lives and homes - it took jobs. Hundreds of thousands of Gulf residents were evacuated, and companies simply disappeared under the floodtide.

On September 7, Byron Pitts of the "CBS Evening News" accurately described the situation. "These days in New Orleans, a job, any job, is hard to come by in a city without electricity or running water. Thousands of people aren't just homeless, they're unemployed."

"CBS Evening News" anchor Bob Schieffer elaborated on the extent of the storm's economic devastation on November

3. "The Fed Chairman, Alan Greenspan, told Congress today the economy remains strong despite the string of devastating hurricanes. Still, the hurricanes have now thrown more than 521,000 people out of work."

The three evening news shows devoted 34 stories to the overwhelmingly negative discussion of jobs and Katrina. Only five of those (15 percent) were about adding jobs. Four times as many stories (20 stories or 59 percent) were about the loss of jobs. Another nine (26 percent) discussed both adding and losing jobs.

The job losses were just the beginning of a far stronger story about the American economy. Despite dire predictions of the hurricane's nationwide impact, the U.S. economy actually gained jobs in September.

That meant that enough new jobs were acquired in the rest of the United States to more than compensate - at least numerically - for the losses in the Gulf.

That story eluded the network newscasts. The Heritage Foundation's Tim Kane summed up the real story: "Katrina didn't trigger a larger weakness."

The economy stayed strong and people got back to work. In bypassing that story, the networks did a disservice to all of the victims of Katrina who were able to move on to new opportunities elsewhere.

That news approach was also unfair to the companies that hired the displaced Gulf workers. By portraying such a negative view of the Gulf region, the networks could even have harmed redevelopment efforts.

The networks instead emphasized the negative rather than seeking out Gulf residents who had found new jobs elsewhere. When the September job numbers first came out on October 7, Schieffer was quick to note that report said: "The economy lost jobs for the first time in two years." However, when those numbers were revised to indicate the month actually showed a net gain, "CBS Evening News" made no mention of it.

As New Orleans began to recover, workers, not jobs, were the issue in the Gulf. While employers were practically begging for employees, NBC's Mike Taibbi didn't talk of a recovery in his November 11 "Nightly News" report. Rather than acknowledge the recovery, Taibbi argued for government assistance where the free market was clearly acting to solve the job shortage. "But the jobs outlook gets an 'incomplete' because despite desperate applicants ... and some equally desperate would-be employers ... there've been no financial commitments from Congress to local businesses equivalent to those following 9/11," Taibbi claimed.

Reporter Martin Savidge showed the common network skepticism of New Orleans get-

ting back on its feet by dwelling on "a quarter million out of work" in his October 29 "NBC Nightly News" story. Savidge did mention that there were some white collar job opportunities in the area: "There are about 450 jobs that are available right now." It was hardly a fair comparison given how many jobs Katrina victims had found nationally.

Even the enormous success of absorbing so many job losses and still continuing to add more jobs wasn't enough for ABC's Bob Woodruff. He downplayed the employment numbers during his November 4 report, complaining about 56,000 new jobs, "half of what analysts had expected." "Two months after Hurricane Katrina, there were signs today that the economy has weathered the storm, but it hasn't bounced back as quickly as expected," Woodruff concluded. That wasn't true. The economy wasn't harmed anywhere near what analysts had predicted, so to claim it hadn't rebounded quickly was inaccurate.

A Jan. 23, 2006, story from The Birmingham News showed the story the networks had ignored.

According to reporter Jeremy Gray, "Almost five months after Hurricane Katrina struck the Gulf Coast, more than 5,000 people who took refuge in the Birmingham area are still here, and many say they're not leaving."

Government Was Good When It Adds Jobs

Two other major news events of 2005 provide an ideal contrast of how the media looked at employment stories. Early in the year, news came out about a major Defense Department reorganization of bases around the country. The major initiative was designed to provide added security to military installations and save taxpayers \$48 billion during the next two decades. It generated 14 stories on the three networks, first in spring and then again in summer during congressional hearings.

The plan was greeted with almost equal parts political and media outrage. Chip Reid of "NBC Nightly News" used dramatic imagery to get his point across. "Hampton is just one of dozens of military communities across the nation that felt the sharp edge of the budget knife today," he explained during the August 24 broadcast.

But the media took a different approach when the government increased spending. The \$284 billion federal highway and transportation bill funded thousands of good and bad projects across the nation.

In many ways, it was reminiscent of the huge government public works projects from the early 20th century - massive government spending, mountains of pork and a parade of jobs.

But ABC's Linda Douglas barely mentioned the point about jobs in her March 11 story. Here is all she said on that subject: "The transportation bill is hugely popular. It will create tens of thousands of construction jobs and take on gridlock, crumbling roads, aging mass transit systems." She went into detail about several projects that the bill would fund - 4,000 of them in all - but made no added mention about job creation.

The transportation bill included such public works projects as the infamous Alaskan "bridge to nowhere." But the \$284 billion in spending generated only four stories that also related to jobs. In contrast, the job losses from the military base realignment resulted in three-and-a-half times as many news stories.

Joie Chen's May 14 piece on Walter Reed Army Medical Center for the "CBS Evening News" tugged at heartstrings. The story evoked memories of the veterans treated at the hospital, from Pvt. Jessica Lynch to Gens. Eisenhower and Pershing. She added: "Closing Walter Reed would be a huge symbolic loss for Washington and would slash nearly 6,000 D.C. jobs." However, eight months later, the federal government has announced that two separate government agencies want to take over the site and produce new jobs at that location.

NBC's Brian Williams went even further showing the network bias against government cutbacks. He introduced an August 25 story about military base realignment,

including a plan to close down Walter Reed - "the crown jewel of U.S. military hospitals." Williams's "Nightly News" comments mentioned how the base realignment plan would cost 2,923 jobs at one facility in San Antonio.

But he said the hospital closing was "the emotional punch today." Reporter Kevin Corke followed up by interviewing a patient and employees of the hospital who were upset at its closing - what Corke called "a disappointing end for a storied campus."

The emotional component of the military base stories wasn't the problem. The lack of similar coverage for the jobs created by the transportation bill was. The spending in that bill was nearly six times higher than the savings generated by the military base cuts, but it generated far less coverage.

Reporting Isn't Correct If It Ignores Corrections

The Labor Department's monthly unemployment report is actually one of two such reports the agency releases. The more well-known is called the payroll survey and collects information directly from employers. The survey is often revised one or even two months later when the next employment numbers come out.

Those corrections can adjust the results of the previous months either up or down. January through November 2005 have already been adjusted, and

283,000 jobs were added to the results - but not one of the actual revisions was reported on the evening news. None of the three network shows included the revisions in anything other than their overall totals for the year. This is especially important since the post-Katrina job numbers from September initially were negative and were later revised upward into positive territory.

Heritage's Kane said that is a problem in the reporting. "Nobody cares about the revisions as much as they should," he said. For example, November numbers, initially strong at 215,000 added jobs, were adjusted up another 90,000. "If we had an initial month number of 300,000, you would see either panic or joy on Wall Street," Kane added.

Methodology

Free Market Project researchers analyzed a year's worth of evening news shows on all three broadcast networks - ABC, CBS and NBC - for reporting on jobs and employment.

Stories that focused on gaining or losing one job only - for example, the appointment of a new Supreme Court justice or the resignation of a CEO or government official - were excluded. All stories that addressed the potential or actual loss or gain of multiple jobs were included.

In all, FMP staff found 151 stories from the three networks covering employment issues, from government cutbacks to corporate layoffs.

Conclusion

Jobs are the most personal measure of economic prosperity. As long as people have work, it is likely they feel their own financial situation can improve. But perception of how everyone else is doing is also important. The news media's constant focus on layoffs, outsourcing and other job losses created a climate of unease that ignored or undermined any reporting on job gains.

Of course the networks did stories about new jobs being created, but more than half of those – 28 – were tied to the monthly job reports. The other 25 stories focused on a wide range of topics – job programs for gangs, the desperate need for skilled nurses and the occasional piece on job recovery in the Gulf.

Little attention was paid to businesses big and small that helped add the millions of new jobs generated by the economy. And the overall result failed to fairly characterize the dynamic job growth seen in the last two-and-a-half years. Labor Secretary Elaine Chao made a strong case about that success in a Jan. 6, 2006, speech in Baltimore. “Two million net new jobs created in 2005, more Americans working than ever before – 142.8 million, and an average annual unemployment rate of 5.1 percent – one of the lowest annual average unem-

ployment rates in the past 35 years.”

Chao's positive outlook – based on the facts – was rarely reflected in the network reporting. Instead, even when the results were good, the evening news shows took a negative view. On December 2, Anthony Mason of the “CBS Evening News” reported on an increase of more than 200,000 new jobs, “the best job numbers since July.” But Mason made sure the story had a clear downside, focusing on unemployment for Katrina refugees and “layoffs in the auto industry.”

Mason's comment gets to the heart of the matter. There are always sectors of the economy or regions of the country that aren't doing as well as the overall economy. Technology changes, and some industries get left behind. Some positions are automated and jobs are eliminated.

At the same time, new technologies, companies and even whole industries are being created. The media need to provide an accurate portrayal of the nation at large to stave off irrational fears of an economic downturn.

Recommendations

- Here are three recommendations to improve news coverage

of jobs and unemployment:

- **Include Corrections:** Journalists should strive to be both complete and accurate. To accomplish this, updated job numbers should be included when they are released. This minor effort would have added nearly 300,000 additional jobs to the network reports in 2005 and presented a fairer picture of the economy.

- **Worry Less about Predictions:** While predictions tended to be accurate when compared to final totals, there was often a wide disparity from month to month. Reporters and editors should focus more on the total number of jobs gained or lost. As Tim Kane of the Heritage Foundation said of the need for 150,000 new jobs each month, “Conventional wisdom is wrong.” Using the Federal Reserve estimate, a baseline of 98,000 jobs is needed each month to keep pace with employment needs. Anything above that number could then be argued as a positive month.

- **Know History/Include Context:** Unemployment is currently at 4.7 percent, below the average of all three previous decades. Even a small uptick in that number still represents strong employment. News stories should reflect this fact.