



# NEWS ANALYSIS

## A FREE MARKET PROJECT STUDY OF CURRENT MEDIA COVERAGE

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# Confidence Game

## ABC Skips 3-Year High in Consumer Confidence But Reports Heavily on Negative Numbers

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Consumers are confident that the economy is doing well, better than any time in three years, but ABC and NBC didn't think enough of that June 28, 2005, news to even report it. For ABC, this is part of an ongoing trend of focusing on negative economic news. In the three years covered by the latest consumer confidence report, ABC has covered negative numbers twice as often as positive.

ABC had no trouble detailing the downside of the economic outlook with a lengthy list of adjectives, describing consumer confidence as: "waning," "falling," "taken a hit," "dropping," "spiraling down," "way down," "terribly low," and "going down dramatically." Overall, ABC covered consumer confidence 41 times in three years, but 28 of those stories were negative and just 13 positive. The network's coverage leaned heavily toward those negative numbers. ABC covered 11 out of 20 of the months where consumer confidence was down but just 6 out of 16 where the index was up.

The Consumer Confidence Index is the result of a monthly survey done for the non-profit Conference Board. The survey asks five questions about the economy to a sample of 5,000 U.S. households. As those numbers went down in six of the seven months from June through December 2002, ABC covered them 25 times on all of its news shows.

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*For more information or to set up an interview, contact Tim Scheiderer at 703-683-5004 x126*

However, as the economy has steadily improved, the network's coverage of consumer confidence numbers has declined. In 2003, the network did nine stories as the index showed six of 12 months positive, with a steady upward trend for the year. ABC did just five stories in 2004 as the overall trend upward continued. That year had six months that were positive, five negative and one unchanged. There have been only two stories so far in 2005, despite overall strong numbers and an even split between positive and negative months.

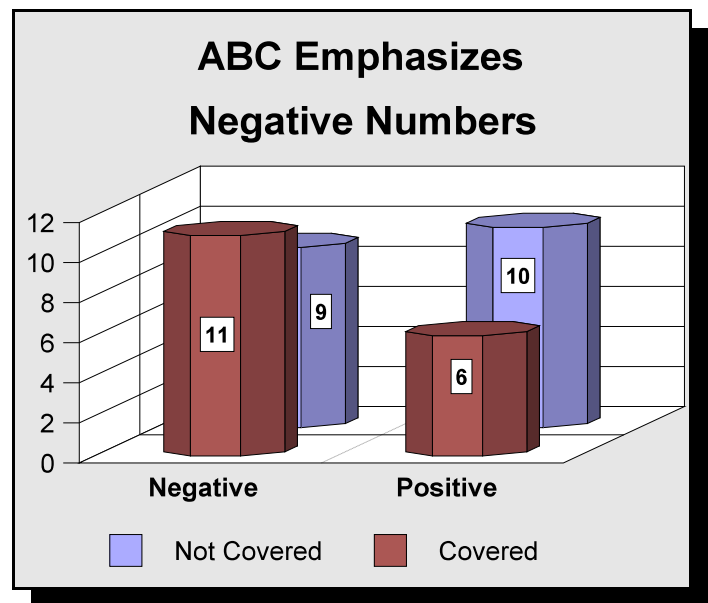
When the news was positive, ABC was cautious. In eight of the 13 positive stories, ABC reporters qualified the good news in some way with "but" or "yet."

Derek McGinty of "World News This Morning" was especially downbeat about positive news. On Nov. 18, 2002, he stressed "terrible news" before good consumer confidence numbers. "We got factory production numbers that say that it fell 0.8 percent in October, terrible news there, but consumer confidence is up a little bit. What the heck is going on? I'm confused, maybe the markets are too." The next day, he followed on the same program with a report saying the "that recent surges in consumer confidence" might be enough to make the holiday season "okay."

Cokie Roberts from ABC's "This Week" spoke in a similarly negative tone on July 7, 2002: "And if you have consumer confidence down when consumer spending has been the engine that's been driving the economy, and you have investor confidence down, then the economy goes in the tank and then he's (Bush) cooked."

As of July 2005, there have been 25 straight months of positive employment growth resulting in more than 3 million new jobs and the Gross Domestic Product (GDP) is doing better than expected at 3.8 percent - but ABC is still critical of the economy. On the June 12, 2005, broadcast of "World News Tonight," Terry Moran said, "The search for a summer job. A tight economy and waves of older workers are making it hard for millions of teenagers."

The previous month, on the May 10, 2005, broadcast of "World News Tonight," Dean Reynolds discussed pension problems at United Airlines. "American industry as a whole is watching the case intently, to see what it says about how far a company can go to stay alive in this economy."



On Dec. 31, 2003, Reynolds was at it again on “World News Tonight.” “Manufacturing still stuttering, home sales flattening, and consumer confidence sapped by worry over the job market. As the Bush administration talks up the recovery, the jobs are still not there.” Actually, Reynolds was wrong. At that point, the United States was several months into a job recovery. ABC also ignored the June 29, 2005, adjustment to the first quarter GDP upward from 3.5 percent to 3.8.

Although NBC didn’t cover the three-year high in consumer confidence, it did report on the GDP adjustment. On June 29, 2005, “NBC Nightly News” anchor Brian Williams said, “Now to the economy in general, which turned in a solid performance in the first quarter of this year, it turns out.” He continued, “The gross domestic product, the broadest measure of the economy, grew at annualized rate of 3.8 percent. That's from January through March, a bit better than an estimate from a month ago.”

NBC also had done a story about a year before highlighting a two-year high in consumer confidence. On June 29, 2004, Williams was again addressing the issue on the “NBC Nightly News,” saying “On Wall Street today, a report showing consumer confidence at a two-year high sends stocks higher.”

That’s not to say that NBC has always been positive about the economy. The June 4, 2005, “NBC Nightly News” had reporter Ron Mott talking about the problems of young people finding summer jobs. “But it's not just the budget pinch these young people are feeling. They are facing one of the harshest realities of today's economy: that when business slows, as it has here around metro Detroit, they are usually the first to be locked out of the labor market.”

In all, NBC covered consumer confidence 53 times in the three-year period. Of those, 34 stories discussed negative numbers while only 18 discussed positive numbers. One story covered the issue without going into detail about whether the numbers were up or down. When the economy wasn’t doing well, NBC focused heavily on consumer confidence – doing 20 stories from June through December of 2002 and 24 stories in 2003.

As the economy rebounded, the coverage dropped to eight stories in 2004 and just one in 2005. NBC didn’t follow the ABC policy of using negative news to offset the positive consumer confidence numbers.

“We got factory production numbers that say that it fell 0.8 percent in October, terrible news there, but consumer confidence is up a little bit. What the heck is going on? I’m confused, maybe the markets are too.”

**Derek McGinty, ABC’s “World News This Morning,” Nov. 18, 2002**

NBC was fairly consistent with its coverage. The network covered 14 out of 20 of the months where consumer confidence was down and 10 out of 16 where the index was up.

CBS, CNN and Fox News all covered the latest milestone when the Consumer Confidence Index hit a three-year high June 28, 2005. Anchor Bob Schieffer of the "CBS Evening News" reported it the same evening. "On the CBS MoneyWatch, it was reported today that a widely watched survey of consumer confidence rose sharply to a three-year high in June; that and a drop in crude oil prices pushed the stock market higher."

Earlier that day, CNN's Kitty Pilgrim had referred to a "strong reading on consumer confidence" during "Inside Politics." And Shepherd Smith of the "Fox Report" said, "New buyers sure are confident. In fact, consumer confidence rose more than analysts expected in June. That's according to business research group, the Conference Board. It's at its highest level in three years." He added that "The Conference Board says the improvement in consumers' mood likely means economic growth for the next several months."

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