



SPECIAL REPORT

AN IN-DEPTH STUDY, ANALYSIS OR REVIEW EXPLORING THE MEDIA

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April 28, 2005

Biased Accounts

Networks Guarantee Liberal View of Social Security

EXECUTIVE SUMMARY

Social Security has been the most debated domestic issue of George W. Bush's second term. Baby boomers begin retiring as early as 2008, and the nation's retirement system faces an income shortfall beginning as early as 2017, according to the Social Security Administration. President Bush has called for personal accounts that would restructure the system to combat this looming problem. Social Security coverage on the five major networks has been overwhelmingly against personal accounts – by a margin of 2 to 1. Four of the five gave more air time to the liberal position than to explaining economic realities.

The Media Research Center's Free Market Project studied 125 Social Security stories on CNN's "Inside Politics," "CBS Evening News," "NBC Nightly News," ABC's "World News Tonight" and Fox News' "Special Report with Brit Hume" between Nov. 15, 2004, and March 15, 2005. This time included Bush's call for reform shortly after his re-election into his "60 stops in 60 days" campaign. Among the findings:

- **CBS and CNN Most Biased:** On "CBS Evening News," 56 percent of stories were liberal with just 20 percent conservative. CBS reports were loaded with extreme examples that played up liberal points. CNN's "Inside Politics" was worse statistically with 61 percent liberal and 22 percent conservative.
- **Fox News Most Balanced:** Fox News' "Special Report with Brit Hume" delivered an equal 30 percent liberal and 30 percent conservative stories, with the remaining 40 percent neutral.
- **Networks Embrace 'Transition Costs' Scare Tactic:** Journalists repeatedly indicated that the cost of changing over to personal accounts was too high. This point was made 10 times more often than it was challenged, and the financial principles that refuted it were largely ignored.

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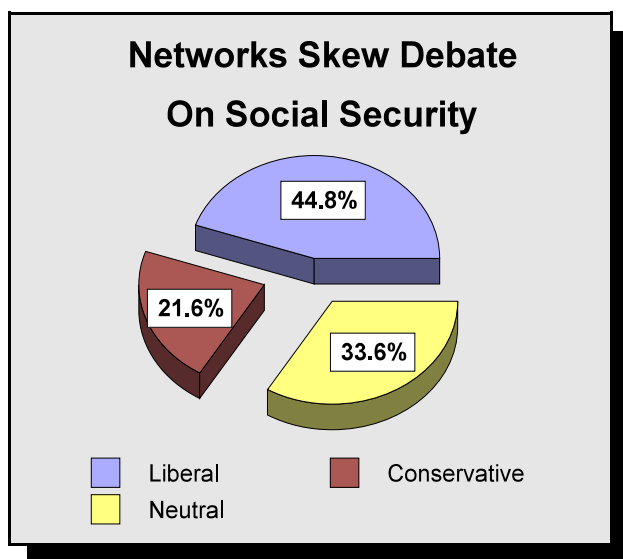
BY AMY MENEFFEE
ASSISTANT EDITOR/SENIOR ANALYST

In the Social Security reform debate, liberals have promised “guaranteed” tax-funded benefits. Conservatives have warned that the outdated retirement program is nearing guaranteed bankruptcy. But the only real guarantee in this debate is that network news has been biased toward the liberal viewpoint.

A new study from the Media Research Center’s Free Market Project found Social Security coverage on the five major networks biased toward the left by a margin of 2 to 1. In total, 44 percent of the 125 stories studied were liberally slanted compared to just 22 percent that were conservative.

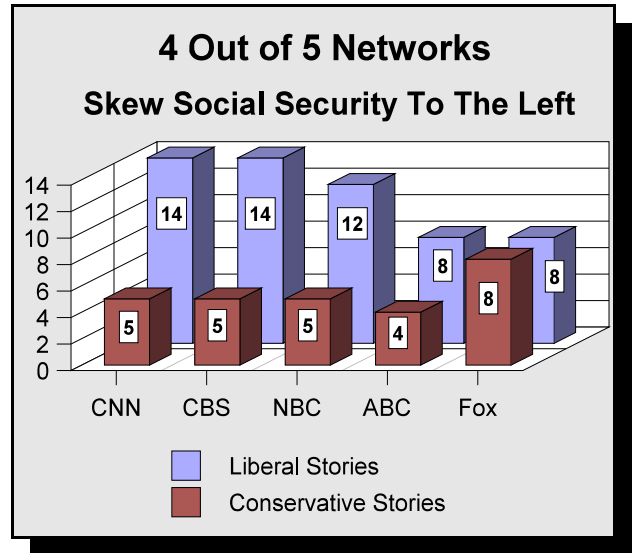
An April 2005 Harris poll showed Social Security topping the list of issues Americans think government should address. Reps. Paul Ryan (R-Wis.) and John Sununu (R-N.H.) introduced the latest Social Security reform proposal on April 20, 2005, and the Senate Finance Committee held an April 26 hearing on reform options. The system’s needs have been in the spotlight because retiring baby boomers will start overwhelming it in 2008. The Social Security Administration projects income shortfalls beginning in 2017, which would mean the money coming in via payroll taxes would no longer cover the output of payments owed to retirees.

But if people were looking to the mainstream media to learn about options for Social Security’s future, they wouldn’t hear much about the facts of the debate. What they would hear are comments like



Terry Moran's about Bush's proposed personal accounts on ABC's March 3, 2005, "World News Tonight": "Democrats argue that the time is running out for the president to make that case. They have started a countdown to what they call the death of a sales pitch. But this president is nothing if not stubborn."

Rather than informing the viewers, Social Security stories contained misinformation and an unbalanced number of liberal talking points pushed by the media. Journalists emphasized ideas about Bush's plan that included "exploding the deficit," as CBS's Joie Chen put it on the Nov. 28, 2004, "Evening News." Throughout the stories studied, reporters often provided extra plugs for liberal attacks on Bush's recommendation of personal retirement accounts. CBS' Anthony Mason, for example, said on the Feb. 3, 2005, "Evening News" broadcast that "Personal accounts add risk to a system designed to reduce it."



Reporters also chose extreme examples to make the case against personal accounts. For the March 4, 2005, "CBS Evening News," Jim Axelrod featured Steve Vivien, an employee wronged by corporate accounting fraud. As Axelrod explained, "First his employer, MCI, converted his pension to company stock. Then WorldCom bought MCI, and scandal sent the stock belly-up, gutting his 401(k). Social Security's gone from the icing on his cake to the meat of his retirement." Axelrod concluded, "With his retirement plans now far different from a few years ago, Steve Vivien would prefer no changes to the role of Social Security." Obviously, the vast majority of Americans don't fall into Steve Vivien's category.

Scare tactics such as these were common, as reporters often likened personal retirement accounts to high-risk stock market investments. The assertion that personal accounts were "risky" was made by sources or reporters more than 50 times. Trish Regan even set her Feb. 5, 2005, "CBS Evening News" report against the backdrop of Reno, Nev., a popular gambling destination. Unsurprisingly, local worker Maureen Fager said about personal accounts, "This is Reno, Nevada. I know a gamble when I see it."

The financial planner they took her to, David Yeske, even claimed that humans aren't cut out to deal with such matters though that is how he makes his living. "The human brain has been wired for social interactions, not analyzing numbers," Yeske said. That same report also misstated the age of retirement for Fager and a 27-year-old worker. It was unclear whether Yeske or the reporter was making the mistake.

Studying Bias

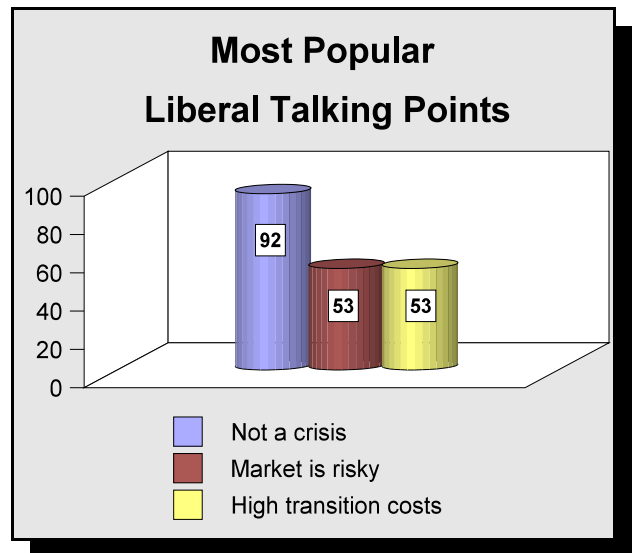
The Free Market Project examined the evening news programs on all five major networks – ABC, NBC, CBS, Fox News Channel and CNN – between Nov. 15, 2004, and March 15, 2005. This time frame covered the heart of President Bush’s proposal to reform Social Security from soon after his re-election through the launch of his “60 stops in 60 days” campaign.

The study analyzed use of liberal and conservative talking points, focusing on 125 stories mostly or completely devoted to Social Security. Talking points on both sides of the issue were coded, designated “liberal” or “conservative,” and tallied. If the ratio of talking points for the two sides was greater than 1.5, then that story was considered to reflect the position of the side with the most talking points. Stories that had a 1.5-to-1 or less ratio were categorized as “neutral.”

The study covered nine points of contention on Social Security and each side’s position on those points. For example, the most popular talking point centered on the question of a “crisis.” The conservative position was that Social Security faces a funding crisis that demands action. On the liberal side, the position was that there is no crisis, and minor tweaks to the current system should be sufficient.

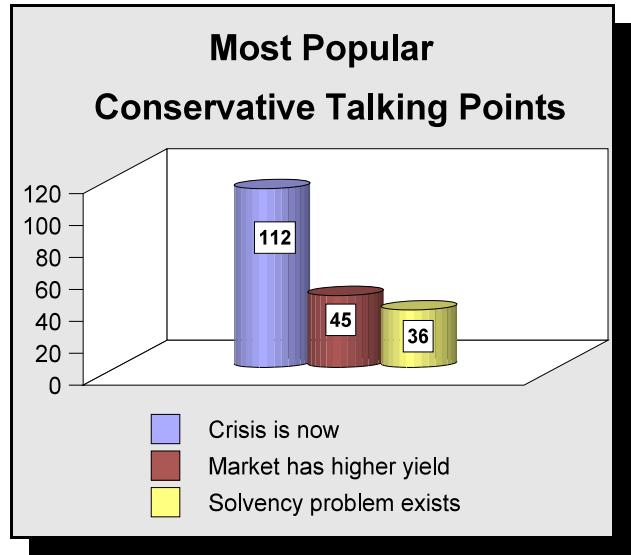
Other talking points included the disputed level of “risk” involved in the stock market, the “transition costs” attributed to a switch to personal accounts, and the idea of protecting benefits for the next generation. Conservatives suggested restructuring the system, while liberals favored tax increases and cuts to the benefits of wealthier retirees to keep the system going.

Overall, liberal talking points outweighed conservative ones by a 2-to-1 margin. CBS, NBC, ABC and CNN all had more liberal stories than conservative. CNN’s “Inside Politics” had 61 percent liberal and 22 percent conservative. On “CBS Evening News,” 56 percent of the stories were liberal while just 20 percent were conservative. Fox News’ “Special Report with Brit Hume” was the most balanced, with an equal 30 percent liberal and 30 percent conservative.



“NBC Nightly News” actually had the most neutral stories, but they had almost as many liberal stories. Their coverage was 46 percent neutral, 38 percent liberal and only 16 percent conservative. ABC’s “World News Tonight” had the fewest Social Security stories and came out with 44 percent liberal and 22 percent conservative.

The study’s tallies might have looked drastically different if President Bush had not made a concerted effort stumping for Social Security reform. The president’s appearances and statements on the issue accounted for almost one-fourth of the conservative talking points in the study.



For example, the Jan. 16, 2005, “CBS Evening News” led with Bush saying “The system will be bankrupt” and “We will not be able to look at the high school seniors of today and say we have done our duty in protecting Social Security.” Another story, from the Feb. 3, 2005, “World News Tonight” on ABC, was heavy on Bush clips. He said personal accounts would allow people to “build a nest egg for your own future” and that “Your money will grow over time, at a greater rate than anything the current system can deliver.” He also made the points that the accounts could be passed on to heirs and that “the government can never take it away.”

The president is newsworthy simply because he is the president, and the fact that he embarked on a wide public campaign for Social Security reform was the deciding factor in the appearance of most “conservative” stories during the study period.

Economic Facts and Fiction: ‘Transition Costs’

Despite broadcast news’ parade of “experts” on the Social Security debate, coverage was short on economic explanations. Partisans arguing whether the system was in “crisis” or whether personal accounts were good or bad – two of the most popular talking points – did nothing to advance economic understanding on the subject. And reporters relied on one liberal talking point more times than their sources did: the argument that “transition costs” would put personal accounts out of America’s price range. Sources mentioned transition costs 23 times, while reporters added another 30 references of their own. This liberal idea was challenged only five times in 125 stories studied.

Take CNN correspondent Ed Henry as an example. In a Feb. 7 budget story on “Inside Politics,” he said Democrats “do not believe the money will be there for these estimates of anywhere from \$2 trillion to \$4.5 trillion for the transition costs for Social Security reform, transitioning to private accounts.” These figures were extreme even for liberal estimates. Henry was signing off from his report, so he did not make time to explain where his figures came from, what the opposition would say, or what he really meant by “transition costs.”

“Transition cost” was a political term without economic explanation. Most discussion, like that excerpt, was not even a discussion. It was a “trillion” here and a “trillion” there, without any explanation of Social Security’s long-term obligations, the impact of paying them off early or how much the system’s problems would cost without any change.

On the Nov. 28, 2004, “CBS Evening News,” Joie Chen described Social Security reform as “exploding the deficit.” She called it “politically precarious” and said, “But the White House insists in the long run it will help Americans save. There may be a huge debt left for future generations to pay, though well after the current administration is long gone.”

Not only is that a liberal idea going unchallenged, but that’s just inaccurate, said Free Market Project adviser Stephen Moore. Moore is president of the Free Enterprise Fund.

Moore explained refinancing the system for personal accounts in a Feb. 16, 2005, column for National Review Online.

“Establishing personal accounts will require about \$2 trillion in government borrowing over the next 15 years,” he wrote. “But once the accounts are in place, the government saves about \$10 trillion in future obligations. Any private business with large pension obligations would sign on to such a refinancing plan in a heartbeat.” Simply put, it’s like doubling your mortgage payment, Moore told the Free Market Project.

“If you pay your mortgage early, you become debt-free earlier,” he said. “And then you own your home.” He said it’s the same with personal accounts phasing into Social Security. Making a bigger payment now to set up the accounts means that later “the system will be debt-free, and every American will own their private account.”

Contrary to what CBS’s Chen said about burdening future generations, Moore said personal accounts would reduce the burden on the government and eventually create *surpluses* rather than more debt. But in unbalanced stories, this point was absent.

“Personal accounts add risk to a system designed to reduce it.”

Anthony Mason
“CBS Evening News,” Feb. 3, 2005

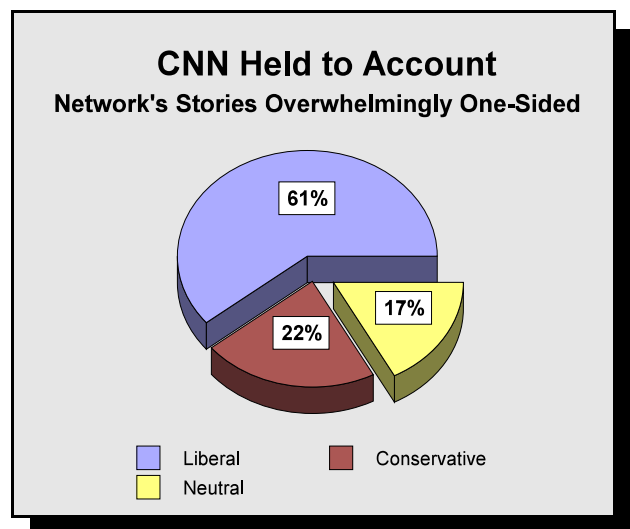
Fox News was no better than the other networks on this point, though one example from Jim Angle showed how other reports could have been balanced. On the Feb. 8, 2005, "Special Report with Brit Hume," he said, "Democrats note the president's budget does not include \$754 billion in borrowing to start giving people money for personal accounts, while still paying benefits to those already retired." Angle later qualified with, "But that wouldn't start until 2009. And the president's budget director argued it's essentially borrowing less now to cover bigger debts later, something he said the markets would applaud."

Economic Facts and Fiction: Personal Accounts 'Risky'

Another of the most popular talking points was the liberal idea that personal accounts lead to "risky" stock investments. The argument that the conservative plan and/or the stock market was "risky" came up 53 times. The conservative challenge that the market yields higher returns than Social Security was made 45 times. Social Security typically returns only 2 percent or less on money paid in. In contrast, the Thrift Savings Plan, an example of a 401(k)-style program for federal employees, has paid returns averaging 7 to 8 percent over the last 10 years. Once again, journalists let the two sides fight it out, but they did not contribute substantive reporting to answer the question.

The night of the State of the Union address, before Bush could get his proposal out the door, "CBS Evening News" was making a faulty comparison. On that Feb. 2, 2005, broadcast, Sheila MacVicar said, "Just like President Bush proposes, the British government thought it could offset a lower state pension by encouraging private investment accounts. Analysts say that was a disaster." MacVicar gave a sketchy description of the British plan's failings, attributing them in large part to a 2000 stock market crash that left "tens of thousands" of people "with nothing." She added, "At the moment when the U.S. administration says Social Security in the U.S. is broken, British pension experts say that the U.S. system may be part of the answer to their problem." Though MacVicar said the British failure was "just like President Bush proposes," Bush's plan was not the same as the British one.

At the end of that report, anchor Dan Rather admitted that a similar Chilean system "works quite well" according to its supporters, but that CBS would address it later. It took more than a month before CBS reported the good news of the Chilean plan on March 10, 2005.



Negative associations like the one with Britain were common. References to gambling capitals like Reno and Las Vegas, Nev., in Social Security stories played off the liberal mantra that personal accounts would be a “guaranteed gamble.”

On Feb. 3, 2005, “CBS Evening News” had reporter Anthony Mason focusing on stock market risks. “But the market doesn’t always go up,” Mason said.

“As Senator Harry Reid said, we could be playing Social Security roulette.” Reid (D-Nev.) replied, “And that’s coming from a senator who represents Las Vegas.” Mason added: “Personal accounts add risk to a system designed to reduce it. And that’s important because a third of the retirees on Social Security depend on it for 90 percent of the income.”

The networks also were fond of characterizing Americans as ignorant about investing, implying that it was risky for them to be in control of their own retirement funds. On the Dec. 16, 2004, edition of ABC’s “World News Tonight,” Betsy Stark made this introduction: “Like many American families, this one has done very little investing. And they worry about knowing enough to make good investment decisions.”

She asked Teresa Webster, “Do you know the difference between a stock and a bond, for example?” Webster’s answer: “Not really. No.” Stark did not explain the terms. The networks ignored widespread participation in the stock market through 401(k)s, mutual funds and individual investing.

CBS continued the policy of making Americans look financially inept on the Feb. 9, 2005, “Evening News.” Jim Axelrod asked, “Would you say you know a little about investing or a lot about investing?” Receptionist Jama Whitesell: “A teeny bit.” Axelrod: “Just a teeny bit?” Whitesell: “Yes.” Axelrod: “In that case, Jama and a lot of Americans might want to know more than just a teeny bit about investing, because the choices they make could have a huge effect on their retirements.”

Later in that story, Axelrod took Whitesell to a financial planner, who estimated that she would gain a 43 percent increase on her benefit with a personal account. That didn’t sit well with Axelrod. “Now hang on a second, because Jama doesn’t really know just how much smaller her Social Security check would be,” he said. “And that 8 percent return? It’s an assumption on how the market’s done the last 80 years. In the next 40, Jama could do worse. Of course, she could do better.”

“Everyone knows that something needs to be done because the baby boomers will swamp the system.”

Peter Jennings
“World News Tonight,” Dec. 9, 2004

The Question of Crisis

Before the debate ratcheted up following the State of the Union speech, even ABC “World News Tonight” anchor Peter Jennings admitted Social Security was a huge problem. On the Dec. 9, 2004, show, he explained: “Everyone knows that something needs to be done because the baby boomers will swamp the system.” That level of certainty about the problem was rare as coverage progressed. The networks focused on the surface question of whether the system was in a “crisis,” while failing to explain the economic facts behind transition costs and the stock market. One fact they could agree on was that Social Security’s cash flow problem gets much worse in 2008 when the first baby boomers retire.

Still, much attention went to liberals questioning whether the system needed a major overhaul. Conservatives were having a hard time getting aligned on the idea of personal retirement accounts. Even the Social Security Administration and the Congressional Budget Office couldn’t agree – each had a different projection for major system milestones. The SSA said the system will start running deficits in 2017; the CBO said 2020. The SSA said Social Security would stop paying full benefits in 2041, while the CBO said 2052.

Network news reporters and anchors perpetuated the swirling confusion. Coverage of the “crisis” debate produced the most talking points – 33 percent of all the talking points tallied involved disputes about the “crisis.” Often, journalists did nothing to separate fact from fiction. On Feb. 12’s “Evening News,” CBS’s Russ Mitchell said, “Mr. Bush said he’s open to any good idea to fix a system *he claims* is heading for bankruptcy” (emphasis added). Never mind that the Social Security Administration and the Congressional Budget Office both said the system was marching toward a deficit. But in Social Security stories, reporters cast doubt on the facts and failed to dig beneath the surface of political talking points to report on financial realities.

ABC’s “World News Tonight” on Jan. 14, 2005, included a story that was neutral on its face, but it actually propped up Bush’s statements one by one and then knocked them down with opposing commentary. Bush said, “I want you to think about a Social Security system that will be flat bust, bankrupt, unless the United States Congress has got the willingness to act now.”

“Like many American families, this one has done very little investing. And they worry about knowing enough to make good investment decisions.”

Betsy Stark
“World News Tonight,” Dec. 16, 2004

Reporter Betsy Stark countered, “The fact is, Social Security is not going broke, not in the sense that there will be no money for 20-year-olds, or even 2-year-olds, when they retire.” She then included a source who said the system could continue paying full benefits through 2042 – the Social Security Administration’s projection in 2004 – as proof that the system was not in crisis.

Conclusion

While journalists have focused on politicians disagreeing about whether Social Security is in crisis, the financial questions at stake have gone largely unanswered. Tax increases, benefit cuts, and complete restructuring have all been proposed to fix the system. But broadcast journalists have relied on talking points to get them through the debate, rather than explaining what each proposal means for the system, its taxpayers and beneficiaries.

This study of 125 news stories on Social Security between Nov. 15, 2004, and March 15, 2005, found four out of the five major networks biased toward liberal talking points. CBS and CNN had almost three times as many liberal stories as conservative. Overall, liberal talking points outweighed conservative ones by a margin of 2 to 1. Reporters favored extreme examples that made liberal points, while failing to explain key economic terms and concepts that would inform the debate.

“Biased Accounts” is part of an ongoing Free Market Project analysis of the Social Security debate and media coverage. The Free Market Project will continue to monitor the economic assumptions behind Social Security talking points and how they are reported by the networks.