

An Economist Views Journalists as they Write about Economics

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My Journalism Credentials

- I was the editor-in-chief of the Berkeley High School *Jacket* in 1957-58, which may have been the nation's first *daily* high school newspaper.
- I know what a “string book” means, and I can show you mine
- I know what the word “linotype” means
- Journalism Geek – *Variety* for 5 years and *Crain's Chicago Business* for 20

What I Read

- In Print and Always Behind
 - Daily: *CT, NYT, WSJ*
 - Weekly: *Biz Week, Economist, New Republic, Aviation Week, New Yorker*
 - Other: *NYRB, Forbes, Fortune, Airline Business, Air Transport World*
 - Economics Journals
- On Web: *NOTHING* (no blogs, only for e-m)

This Introduction is About Distinctions, to Guide Our Exchanges

- Let's keep this panel discussion organized by some basic distinctions
- Economics Journalism vs. Business Journalism
- Economics: Big Think vs. Little Think
- Economics: Local vs. National vs. International Issues
- Economics: Local vs. National vs. International Media (the Brits vs. the Americans)

We Need Some Distinctions to Stay on the Same Page

- Economics Journalism vs. Business Journalism
 - Economics Macro vs. Micro
 - Unemployment, Consumer Sentiment, Retail Sales, GDP
 - Plight of Individual Families, Workers, Ivy League Women Dropping Out of the Corporate Rat Race, can the New Orleans Economy Recover?
 - Between Macro and Micro: Income Mobility, Median Incomes Growing Slower than Mean Incomes

How is Business Journalism Different?

- Individual Companies and Industries
 - Enron, Tyco Accounting Scandals
 - Bankruptcies of Airlines, Delphi
 - Will GM go Bankrupt?
 - Japanese Auto Companies Encroaching on GM/Ford Market Share
 - Can McDonalds Keep America Healthy by Selling Salads in addition to Big Macs?

Economics: Big Think vs. Little Think

- Little Think is the drip-drip-drip of data press releases.
 - The CPI rose by 0.5 percent but the core CPI rose by 0.2 percent
 - Unemployment fell from 5.1 to 5.0
 - The DJIA went up yesterday by 77 points

Big Think in Economics

- WSJ, NYT on Income Mobility
- Louis Uchitelle: “never has productivity growth been so disconnected from growth in the standard of living”
- How long will Asian central banks keep financing our trade deficit?

Local vs. National vs. International Issues

- Issues:
 - Local: A plant closes, McCormick Place loses another convention
 - National: the Bush Tax Reform Commission
 - International: Will the Chinese take over the world and how long will they finance our trade deficit?

Local vs. National vs. International Media

- The Local Paper and Local TV News
 - Heavily Reliant on Press Releases
 - Coverage of National and International from wire services
- National, where to draw the line
 - *NYT, WSJ, Biz Week, Forbes, Fortune*
- International:
 - *Economist, Financial Times*

My Initial Comments on These Components of Journalism

- Economics vs. Business?
 - I think business journalism is pretty good. I learn a lot from the press about what creates successful companies and managers
 - I even think economics journalism is pretty good, but of course I'm here to criticize not to praise. But the praise needs to be said
 - Big think in big media is good
 - Little think in little media is bad

Big Think vs. Little Think

- Little Think is a Big Problem
 - Stock Market
 - Why mention DJIA at all?
 - Why not focus on S&P 500?
 - Why try to find a reason “why the stock market went up today” .
 - A computer could (and probably does) write these scripts

Other Examples of Little Think

- Trying to Make Sense of Random Monthly Changes
 - Last month retail sales -0.8, this month +0.9, finding great causation. Because of Katrina, because of not Katrina, because Katrina didn't matter
 - Failure to use 12 month changes and failure to reject government releases that report 1-month changes
 - Startling CPI increase for Social Security (4.1%)
- The British report everything as 4-quarter and 12-month changes

U. S. National Media do a Great Job with Big Think

- *WSJ*: Jon Hilsenrath, Greg Ip, David Wessel, many others
- *NYT*: Louis Uchitelle, David Leonhardt, many others
- *Business Week*: Mike Mandel, Peter Elstrom, many others

Very Recent Examples: I Have Learned from all These

- Jon Hilsenrath on Caroline Hoxby and School Vouchers
- Bill Neikirk on Turbulent Times Ahead in DC
- Mike Mandel on the New Fed under Bernanke
- Louis Uchitelle's Classic July 4 piece on the 1950s vs. the 1990s – never has the standard of living been so out of line with productivity

At the High End: Are the Brits Better?

- La crème de la crème: The *Economist* focus pages
 - Direct translation of the latest economics working papers into intelligible English
 - But they go beyond, they are skeptical, they relate recent research results to each other
- What's Different about the *FT* from the *WSJ*?
 - They find that delicate balance between the op-ed piece and the pure journalistic piece
 - The *WSJ* does a great job of keeping its winner-take-all editorial page independent of its long investigative front page pieces

Conclusion: What Could the High End do Better?

- More international comparisons
 - Everyone hates the U. S. medical care non-system, which other country gets it right
 - Canada? France? Germany? UK? Japan?
- Don't take today for granted
 - Social Security Crisis is assumed, but not if you vary the assumptions
 - Bush's Tax Commission was asked to be Revenue Neutral, but why? We've got big deficits!
 - International Indebtedness 25% of GDP, net international investment income 0%, why? Who writes about that?