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
- 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?