
Economics and Business Reporting

by Chris Welles

For years business and economics journalism was a bleak wasteland —“the most disgracefully neglected sector of American journalism,” according to former NBC-TV correspondent and Columbia Graduate School of Journalism School Dean Elie Abel. If you did a lousy job covering city hall, couldn’t hack it writing obits, weren’t much good taking classified ads over the telephone, then they sent you to the business section. Maybe they even made you business editor.

That was the way it was at countless newspapers. And it wasn’t much better at most business magazines. Business writing was tedious and boring, little more than jargon-ridden rewrites of corporate press releases about earnings results and executive promotions. And because business writing was tedious and boring, good journalists considering specializing in the field tended to conclude that business itself was tedious and boring. They regarded the business pages as a dead-end Siberia. Writer Dom Bonafede once described business reporters as “city room castoffs and journalistic drifters, bit players in a raw profession, fulfilling a melancholy task requiring little talent and less imagination in a cramped corner of a newsroom.”

Today everything has changed. Business and economics are considered almost glamour beats, if not yet quite as prestigious as the White House or the Paris bureau. The ranks of business journalists include

some of the best-known and most talented editors and writers in the profession. Business and economics is luring record numbers of aspiring journalists who have come to appreciate that the field is among the few journalistic specialties experiencing real growth. Despite the growth, the competition for jobs is intense. But while that poses problems for job-seekers, it has contributed to a dramatic elevation in the quality of business and economics coverage.

Readers of this book, who may have been attracted by the new glamour aura or the job opportunities, need to understand that the field of business and economics is quite different from other journalism specialties. It provides special satisfactions. But it also requires special skills and presents formidable demands and frustrations. Some of the difficulties associated with covering business and economics stem from the complexity of the subject matter. Others are more subtle, such as the reluctance of many story subjects to cooperate with reporters and the economic pressures that business interests can exert on the media.

Why has business and economics journalism risen from obscurity to prominence? Why is the field so essential to readers and viewers? Why does it offer journalists such unusual rewards and challenges?

The bleak wasteland era came to an end during the late 1960s and early 1970s. Several major business and economic events and trends made it to page one on a regular basis, and editors and reporters realized that the field was much more important and compelling than they had thought. The events and trends included:

- The excitement on Wall Street during the late 1960s: the superheated bull market, the rise of conglomerates and the takeover boom, the “money game” played by colorful mutual fund managers.
- The oil price shock of the early 1970s and its many aftershocks, including gasoline shortages and the disturbing new phenomenon of “stagflation.”
- Discrediting of the well-entrenched belief, developed during the 1950s, that economic policy makers could “fine-tune” the economy to produce perpetual prosperity.
- Erosion of U.S. hegemony over world markets and the emergence of Japan, Germany and other nations devastated by World War II as potent business competitors.
- Escalating financial problems during the 1970s of America’s major cities, especially New York City, which nearly went bankrupt.
- Growing awareness of health and environmental dangers stemming from products produced by corporations such as asbestos, tobacco, toxic wastes, and pesticides.

Newspapers reacted to these developments by rapidly expanding their business sections, which in turn stimulated an equally rapid growth in

financial advertising. Big-city dailies such as the *New York Times*, *Washington Post*, *Los Angeles Times*, and the *Chicago Tribune*, as well as papers in smaller cities such as Atlanta, Louisville, Denver, Miami, and Philadelphia, doubled and tripled the size of their business staffs and sharply enlarged their news roles. Dozens of regional business magazines and newspapers sprang up. The roster of industry trade journals and newsletters all but exploded. New categories of magazines focusing on small business, minority business, and personal finance emerged. Business journalism as a career came to be regarded as a fast track and attracted some of the most able young reporters and editors.

The quality of business journalism improved. Reporters started digging behind the press releases to find out what really happened. Writing became livelier and more accessible to uninitiated readers. In order to capture the drama of events such as corporate takeovers or labor strikes, stories came to include more personalities, color, anecdotes, and narrative. Business editors overhauled the tombstone-like design of their pages and became adept at using arresting graphics to explain often abstruse subjects.

Editors staffing business sections came to realize that, to cover the field effectively, reporters needed specialized experience and training. Journalism generally had already become more and more specialized. The old notion had faded that any good general-assignment reporter could turn out a quick, authoritative story on any subject. The world had become too complex and readers were demanding more sophisticated coverage. Yet business and economics writing, it became abundantly clear, required more background knowledge than most other specialties. The Bagehot Fellowship was only one of several mid-career programs established to meet this need. Most journalism schools introduced business writing courses. More reporters sought MBA's and economics degrees. Former Council of Economic Advisers Gardner Ackley once remarked that he wished reporters who wrote about economic affairs had two qualifications: first, that they had taken a course in economics; and second, that they had passed the course. But as the field improved, Ackley's remark was no longer valid.

Business and economics journalism today still has plenty of room for improvement. The quantity of coverage is still more impressive than the quality. Too many older managing editors, who began their careers when the field was a wasteland, refuse to acknowledge changed perceptions, and expect their business sections to get by with only 3–4 staff members. Too many business editors shy away from sharply critical stories and refuse to allocate resources for investigative projects to take their coverage beyond the daily news flow. Too many reporters do not venture beyond handouts and lunches with public relations people. Too many business pages still have the visual appeal of the classified ad

section. Too many trade magazines are little more than sycophants for the industries they cover.

Broadcast coverage of business remains particularly laggard. TV news directors still have not successfully overcome the relatively non-visual nature of business and economics and the difficulties in explaining complicated developments in less than a minute. Creditable business shows have recently been flourishing on cable channels, especially Cable News Network, and on public television. But business and economics coverage by the three major TV networks, especially on their widely-watched evening news shows, remains sparse and superficial.

But, undeniably, business and economics journalism has at last come of age. Most editors and reporters have come to appreciate the profound impact that business and economics has on our lives. Economics may seem very arcane and abstract. Yet such indicators as the inflation rate, money supply, unemployment, interest rates, and the gross national product directly affect our jobs, our salaries, the taxes we pay, the interest on our mortgages, the return we get on our investments. Large corporations may seem remote and somewhat mysterious. But the decisions they make about where to build plants, what technologies to use, what kinds of products to manufacture, and how to market them directly affect us as consumers: the choices we have and the prices we have to pay for what we buy.

Readers and viewers now depend on business and economics journalists for news and advice about a wide range of topics. Indeed, perhaps no other journalistic speciality provides people with information that is as essential to their daily lives. Other specialities offer intellectual stimulation, relaxation, diversion, titillation, and fantasy. But business and economics coverage offers information that people need and use. Consumers want easily understood guidance about practical matters such as how to buy a car or invest in the stock market. Dozens of magazines and the business sections of virtually every newspaper provide an abundance of personal finance information. But many people—including not only consumers but also business executives and millions of us who are simply lower-level employees of companies—want a much broader perspective, which the media by and large still do not do an adequate job of providing. They want to understand how business and economics really works. These people want to know who makes economic decisions for the country, how the Federal Reserve operates, what causes inflation, how serious the budget and trade deficits are, why the value of the dollar in world markets is important. They want to know what sorts of people run major corporations, what their goals and priorities are, what their attitude is toward ethics, how they decide on strategies to pursue and products to make, how they exercise power in Washington, what their policies are toward the environment and the health and safety of their employees.

For the business and economics journalist, tackling such questions is an enormously daunting task. In my view, covering business and economics is more demanding than any other speciality, much more difficult, for instance, than writing about a football game, a school board meeting, a robbery, a new music fad, or a political campaign. Business and economics journalists must be able to understand the intricacies of the field and write about them in clear, concise, intelligible prose. And the fact that business and economics touches people's lives so directly puts unusual demands on journalists for accuracy, reliability, and thoroughness. A careless mistake in an investment story can cost a reader thousands of dollars.

Covering business and economics poses other special obstacles. Economics at first glance may seem easy, for economists are typically eager to be interviewed by the press. Tons of economic data and studies are available for the asking. Unfortunately, economists are notorious for their propensity to disagree with one another and to change their own views from one moment to the next. It is often said, not without reason, that if you laid a thousand economists end to end, they would not reach a conclusion. Economic data is no more helpful: the same figures can often be used to substantiate two completely disparate interpretations. In reporting an economics story, one discovers that it is virtually impossible to come up with a definitive answer to numerous economic conundrums, such as whether the dollar should sell higher or lower in foreign markets, whether the negative effects of a tax hike on consumer spending would outweigh the positive impact on the budget, whether the federal deficit is an alarming crisis requiring immediate action or a minor problem that will fade away over time. Was Reaganomics a dramatic success or a terrible failure? You can find plenty of economists on both sides.

Despite appearances to the contrary, economics is as much an art as a science. It is much closer to sociology than physics. Reporters writing about a business event may, if they work hard enough, come up with a reasonable approximation of reality. But reporters covering an economic trend, who must contend with far larger masses of people and far more intricate patterns of behavior, typically find precision and tangibility maddeningly elusive. The best economic writers, though, do not resort to on-the-one-hand/on-the-other-hand stories. They strive to report in which direction the preponderance of the evidence points.

Reporting on business presents quite different dilemmas. In their attitudes toward the press, corporations are quite different from hospitals, schools, police departments, and other government or nonprofit organizations. The latter, essentially public bodies, recognize an obligation to serve the public and thus tend to be responsive to reporters seeking information. Corporations often do not feel that obligation. Though many are "publicly owned," in the sense that their stock is

owned by investors, corporations really serve private ends: making money for their employees and their shareholders. Many corporate executives do not feel that the public has any special right to know how they run their business. Politicians, movie and sports stars, and other public figures actively seek publicity. Popular story subjects such as doctors, district attorneys, ministers, and fire fighters are usually quite amenable to interviews. But corporations tend to be very secretive about their internal affairs. To be sure, they aggressively advertise their products and employ public-relations people to polish their image and spread the word about positive developments. Yet they are typically far less forthcoming to reporters about negative events. In many cases, they will refuse to cooperate with the press. It is not unusual for a corporation to forbid its employees to talk to a reporter seeking to write about the company.

Corporations may have good reasons to be reticent. They may not want to reveal plans to competitors. They may see no reason to air dirty linen in public or expose the mistakes of their senior executives.

But there are deeper attitudes at work. Business and the press have inherently conflicting goals. As Daniel Seligman, a columnist for *Fortune* magazine put it, a corporate executive “is not always looking for the unvarnished truth about his enterprise” and doesn’t “necessarily want coverage that is comprehensive, thoughtful, and fair.” Seligman observed that “there is that inevitable collision of interests between a corporation that is concerned with its own public image, and is eager to put its best foot forward, and the journalist who wants a story.” Journalists will inevitably want to print things that business executives don’t want to see printed. And business executives will often want journalists to print things that journalists don’t want to write about.

It is no surprise, then, that the relationship between business and the press has often been acrimonious, with heated recriminations on both sides. Business’ beef with the press is often well founded. As was noted earlier, the press’s performance is often laggard. Virtually any corporate executive can display examples of inaccurate or distorted stories about that company. More than mere sloppiness or ineptness is often to blame. Too many business journalists allow biases and preconceptions to affect their stories. Business executives often claim that journalists are left-wing radicals out to undermine capitalism and free markets. Though far less radical than this stereotype, journalists do tend to be more liberal than business executives. But their liberalism usually does not significantly taint their coverage. Other basically nonideological biases are much more important. Like all journalists, business writers and editors seek out and often exaggerate stories containing elements of crisis, conflict, and controversy. Business journalists also tend to be skeptical of authority, large organizations, and repositories of power. And they are often suspicious of people who have made a lot of money. This some-

times leads business reporters to believe the worst about a corporation's or a wealthy executive's motives and actions and to write stories that are slanted and unfair. Louis Banks, a former *Fortune* managing editor, stated that "most ranking editors of mass media see business as suspect until proven innocent." Responsible journalists, of course, do not allow predispositions or biases to affect the fairness of a story. They always seek a response from a company on a negative story before publication. And they do not draw unfavorable conclusions if the company chooses not to respond. Unfortunately, too many journalists are not that responsible.

Much of the time, however, business complaints about the press are a matter of blaming the messenger for the bad news. "Business has always been yelling about coverage by the press," Timothy Hubbard, a professor at the Newhouse School of Public Communications at Syracuse University, said. "In all too many cases, they've been caught by the press with their hands in the cookie jar up to their elbows and they don't like it."

Most major corporations in recent years have learned to be more open to the press. A sophisticated public relations executive knows a company usually benefits from talking with reporters, even those planning negative stories. The company may be able to correct errors and convince the reporter to take a different tack. At the very least, it should be able to get the company's point of view reflected in the story.

Fortunately, there are many ways for journalists to get information about companies which refuse to talk to the press. All companies whose securities are publicly traded are required to file detailed financial reports with the Securities and Exchange Commission. These reports can provide an astute reporter with a great deal of information about a company's financial health and prospects. (You don't need to be a CPA to understand and interpret corporate financial statements, but many business reporters do find it helpful to take accounting courses.) There are many other document sources such as court records, congressional hearings, brokerage firm research reports. And there are many people sources outside the company who are knowledgeable: former employees, competitors, consultants, customers, suppliers, government regulators, labor union officials.

Many business reporters have become much more adept and aggressive in employing investigative techniques to pursue difficult stories. Yet too many others succumb to often powerful forces that have pushed business coverage toward stories that are insufficiently tough and probing. Too many journalists, when confronted by complex business issues, the arduousness of most investigative projects, or merely the uncooperativeness of a corporate subject, take the easy way out. They either do a superficial piece or drop the story altogether.

Business journalists are also frequently under pressure from their

editors and publishers to take a softer line. Unlike story subjects in other fields, corporations have the power to exert considerable economic pressure. They will often retaliate against negative stories by canceling their advertising. Newspaper columnist Patrick J. Buchanan, who worked in the Nixon and Reagan White Houses, once advised, “These puppies of the press need to be given an occasional jerk on the leash of the advertising dollar.” Journalists also have to reckon with the fact that their publishers often have close personal and even business relationships with corporate executives and don’t like to embarrass their friends. Fear of angering advertisers or publishers often causes editors to spike negative stories. Some newspapers or TV stations have reassigned or even fired reporters and editors who offended business interests.

Large media organizations, which have broad advertising bases, can easily withstand these pressures. The *Wall Street Journal*, for instance, is seldom accused of caving in to business interests. But the situation is much different at smaller newspapers or broadcast stations, where the displeasure of only a few members of the local business community can have devastating financial consequences. Few small newspapers are willing to risk incurring the wrath of local bankers, realtors, insurance agents, or supermarket managers. In many communities, business doesn’t have to flex its muscle; self-censorship by editors usually ensures that business has little to be upset about. John F. Lawrence, former assistant managing editor for economic affairs at the *Los Angeles Times*, observed that “the media are far more guilty of being too soft on business than being too hard.”

Some observers go even further. They point out that as the media has coalesced into huge conglomerates and business journalists have become better paid and more socially respected, the press has abandoned its traditional function. It is the press’s job, according to A. J. Liebling, to “afflict the comfortable and comfort the afflicted.” Reporters are supposed to be gadflies, feisty, irreverent critics of the status quo. Now, observers argue with some justification, journalists—especially those covering business and economics—have joined the establishment. They have become defenders of the status quo and disseminators of the conventional wisdom. It is not easy for journalists to resist and subtle but powerful forces of co-optation.

But there is a flip side to all of these problematic demands, challenges, and pressures. Writing about business and economics is rewarding for the very reason that it can be so difficult and frustrating. Speaking as someone who wrote about a great diversity of subjects before concentrating on business, I can say that nothing matches the special satisfactions and pleasures of business reporting: when the former executive finally decides to disclose to you the behind-the-scenes details of how a billion-dollar deal was put together, when you stumble on a document

that provides conclusive evidence of serious corporate wrongdoing, when you finally figure out why the once high-flying corporation suddenly plunged into bankruptcy. It is more than worth the effort. And I'm sure that readers of this book, after they've been in the field for a while, will feel the same way.

**The Columbia Knight-Bagehot Guide to
Economics and Business Journalism**

