



Economic News. How It's Made and How It Matters
A. Damstra

Summary of dissertation “Economic news. How it’s made and how it matters”

Alyt Damstra

Economic news matters. People rely on the media to get information about how the economy is doing, especially when other sources such as first-hand experiences are not available to them. The content of economic news, however, is not a complete reflection of economic reality. In fact, it is characterized by some persistent biases, most notably an overrepresentation of negative news. As economic reality and economic news tend to diverge, economic news may provoke unique effects on public opinion, above and beyond the impact of real economic conditions. These effects are not limited to economic opinions as also people’s political attitudes are sensitive to economic information. This dissertation focuses on the interplay between economic news, economic reality, and public opinion, by addressing the question: How does the content of economic news relate to real economic conditions, and what are the subsequent consequences and the underlying causes of this content to which most citizens are exposed on a daily basis?

Section 1: The content

The first section of this dissertation focuses on the content of economic news. Chapter 1 provides an in-depth analysis of news coverage of an urgent and complex economic phenomenon: The economic crisis. I examine the way in which Dutch newspapers have covered the crisis, and how this coverage varies, across outlets and over time. The results show how coverage (2008-2013) was remarkably uniform in different newspapers and also rather uncritical, as only limited room was given to more radical and critical voices in the news.

In Chapter 2, the focus is still on the content of economic news, but now all economic news is examined over a longer period of time (2002-2015), to see how the volume and tone of economic news relates to the real economy and to public opinion. This chapter contributes to the literature by making explicit distinctions between levels of and changes in economic conditions, the volume and the tone of economic news coverage, and retrospective and prospective economic evaluations of the public. The results reveal a double negativity bias. First, on the level of the media, volumes of news increase when the economy goes down. When the economy recovers or grows, however, there is no subsequent effect on the amount of economic news that is produced. I conclude that the content of economic news tends to be skewed to the negative, magnifying the visibility of negative economic trends but not of positive ones. Second, on the level of the audience, people are most responsive to negative information. When there is more negative news in the papers, public pessimism grows. More positive coverage, however, does not lead to more public optimism. Importantly, the news effect of negative coverage only applies to people’s prospective economic evaluations. I conclude that people are most sensitive to economic news when they depend more on the media, as for the economic future they have no alternative sources of information (i.e., real-life experiences) at their disposal yet.

Section 2: The consequences

In the next section of this dissertation, I zoom in on the consequences of economic news. Chapter 3 builds on the results of Chapter 2 by examining whether asymmetric news effects of negative versus positive content also apply when the news deals with the attribution of responsibility. Relying on a content analysis of economic news combined with a three-wave panel survey (fielded in the first half of 2015), evaluations of government’s economic performances are predicted by credit and blame attributions in the news. The results confirm the power of negative information. When the government is blamed by the media for unfavorable economic conditions, the consequences are real: News consumers also become more likely to blame the government for having caused the economic crisis, and, partly as a result of that, they evaluate the government’s economic performances in more negative terms. However, when the government is given credit by the media for favorable economic

conditions, the opposite causal chain, again, fails to apply: Credit attributions are not adopted by the public nor do they have an impact on people's normative evaluations.

While economic news is extremely varied, there is not much individual-level research that addresses the diversity of economic news content and how different features of this content have different impacts on public opinion. Chapter 4 contributes to filling this void by presenting the results of an experimental study (fielded in 2018) that examines the news effects of tone and level of (un)certainty, and the contingency of these effects on the economic issue the news deals with. The dependent variables are people's economic evaluations and the level of interest with which they have consumed the news. The results demonstrate that economic news effects are indeed contingent on the issues the news deals with. Running counter to the idea that obtrusive issues leave less room for media effects to take place, I find that news effects are actually strongest when the economic issue is obtrusive. Furthermore, people find news most interesting when it is negative, providing an individual-level confirmation of the public sensitivity to negative information.

In the next chapter, the focus shifts as I investigate how economic news may have a bearing on political attitudes as well. Chapter 5 relies on two complementary studies, a content analysis of economic news combined with a panel survey (fielded in 2015, see also Chapter 3) and an experiment (fielded in 2018, see also Chapter 4), that both seek to address the same question: How does economic news, through personal (i.e., egotropic) and national (i.e., sociotropic) economic evaluations, eventually shape government support? This research question combines insights from communication science with the classical economic voting hypothesis from political science. The results demonstrate that (a) economic opinions are a mediator of economic news effects, rather than a reflection of economic reality that serves as a prime mover of vote choice, and (b) the impact of economic news reaches beyond economic evaluations as it also — directly and indirectly — has an impact on people's political attitudes.

Section 3: The causes

Chapter 6, covering the final section of this dissertation, focuses on the processes of economic news production. This last empirical chapter presents the results of a series of in-depth interviews (2018) with economic journalists working in the Netherlands. All interviewees were asked to reflect on the findings presented in this dissertation (Chapter 1, Chapter 2) demonstrating how economic news is characterized by biases such as simplification and dramatization.

Journalists indicate that simplification is key as news products need to be accessible and appealing. Simplification comes with difficult choices about the in- or exclusion of more technical terms and content, but is nevertheless a first priority. Dramatization — or negativity bias — is not the result of watchdog journalism, as most interviewees indicate that holding power accountable in the realm of the economy is not feasible. News values such as negativity but also unexpectedness are valid criteria determining the newsworthiness of negative information. In addition, when the economy goes down, the public demand for information and interpretation is higher. As a response, journalists start producing more (negative) news.

This points to the increasing prominence of audience preferences in news production processes. Not only the amount of news is steered by audience demands, but also the content. Number of clicks co-determine the selection of issues to be covered, as do readerships' demographics (such as age, leading to more coverage about pension systems). Audience interests and preferences — whether in terms of topics covered or the amount of news produced — co-determine the media agenda as the public is as much a lay audience that needs to be informed as it is a mass of (potential) customers that must be charmed and satisfied.

Altogether, this dissertation provides evidence for a multi-faceted negativity bias. The asymmetric responsiveness to negative versus positive information runs through the entire process of economic reality being translated into economic news products with subsequent consequences for the opinions of those who consume them.