

Economic Crisis and the Media

A Project linked to

ESIrg



The Economic Crisis and the Media Project Global Report 2

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Following the methodology developed by ESIrg (Economics, Sport and Intangibles research group) University of Navarra, we are monitoring since the start of year 2008 global media coverage concerning economic and financial issues. The aim of this project is to analyse how the economic and financial crisis is perceived by the media.

Our technical developments allows us to identify a massive flow of newspapers articles from all over the world, ranging from top international and national press references to city and local publications. Taking advantage of the know how developed from more than five years at ESIrg, we can gather inside and less perceptible pieces of information by nourishing a data base including a rich set relevant parameters. This information is updated with new information weekly and, in some specific cases, even daily.

For instance, and concerning the Economic Crisis and the Media Project, we are right now covering some different 300 issues and actors related with the crisis, plus all the firms included in the Dow Jones STOXX Americas 600 and Dow Jones STOXX Europe 600, as well as all current Head of State and Government.

As we are capturing all this information since the beginning of year 2008, we are generating a probably unique data set concerning the perceptions of the main issues related with the present financial and economic crisis. All the measures are perfectly comparable among issues and among countries, as well as in their evolution in time. As all this information is translated into numerical data, it allows for its statistical and econometric treatment concerning the analysis of the relationship of the media coverage given to different issues related with the crisis. It also opens the possibility to study the relationship between soft variables as perceived by the media and hard economic and financial variables.

Our past research on the quantitative analysis of media coverage of fields completely unrelated with the economic and financial crisis has shown us that media coverage variables can behave as a key instrument helping to understand economic, business or political questions. As an example, we have shown at ESIrg that media coverage (media value) can be used as the basic variable for explaining players' transfer fees in professional football (soccer). It is also the main way to reflect the business power of football clubs. In the political media coverage analysis, we have identified a strong correlation between party coverage and voting

results (Spanish 2008 elections), and a strong relationship between media coverage of electoral issues and citizens' concerns.

This project is expected to be translated into scientific contributions in academic journals, once we count with enough time analysis perspective. In the meanwhile, we provide to the scientific community and the informed public some of the results we generate, under a public friendly framework and basis. Academic contributions should not be kept alone inside the pure scientific circles. This should not be the case especially in the present financial and economic severe circumstances.

1. Top Issues Related With the Crisis

We have included a technical annex which provide some basic information about the methodology and the newspapers sources used in our analysis. We will provide in the main text just the essential methodological information needed to understand the information contained in each section.

We have identified the articles published all over the world in media written in English related with the economic and financial issues considered relevant (some 300 issues and actors, up to this point). We have identified for each issue the overall number of articles, plus the number of articles related with each one of the some 250 countries and territories included in our data set, plus some leading international institutions and organizations and NGO (like UNO, IMF, World Bank, OPEP, ASEAN, Red Cross, and others).

The number of total news articles included in our sample ranges in the hundred of thousands per month. More information about the sources is given in the annex.

So, we can measure the prevalence and the evolution of each issue related with the crisis at any country or region level. We have chosen as reference value for measuring the impact of each issue the measure resulting from the weighted average of all OECD countries (see figures A.4 and A.5) for an insight of the weight given for some of the main countries.

We show below which are the top 10 issues related with the financial and economic crisis, as reported by worldwide media in English (referred to OECD countries, as just mentioned). In the top of each bar we also show the trend experienced by each issue during the last week.

This data corresponds to news published from mid October to November 12th, 2008.

As figure 1.1 shows, top issues are a mixture of financial and economic related concerns. Main issue is the consciousness of experiencing a financial crisis. Even if this information is apparently non information for being self evident, a look to Figure 1.3, concerning the evolution of the presence of articles related with the financial crisis show that they where almost inexistent during all year 2008 till September 2008. This financial crisis was largely unanticipated by the media as a potential problem, even if the financial difficulties were already apparent by August 2007. Global media attention towards financial crisis reached a peak by the end of November. By mid November, financial crisis related news are reaching a presence similar to early October, except for news related to Japan, where this is still a specially hot issue.

The media strongly associate this financial crisis with its linkages with mortgage problems, and a lending and credit crisis. The consequences, the bailout and the rescue plans are also part of leading issues. Also, many of the top stories are related with the stock market abrupt evolution. But if we compare current main issues in comparison with the situation two weeks ago (figure 1.2), we observe a clear increase of all the issues related with real economy, and a decrease of power of the topics related directly with the financial crisis.

The move from a financial to an economic crisis is already present in the news, as articles related with an economic recession become already the second issue in importance, and presenting a strong upward trend. In the precedent measurment this issue took third position, after financial crisis and bailout news.

Figure 1.1

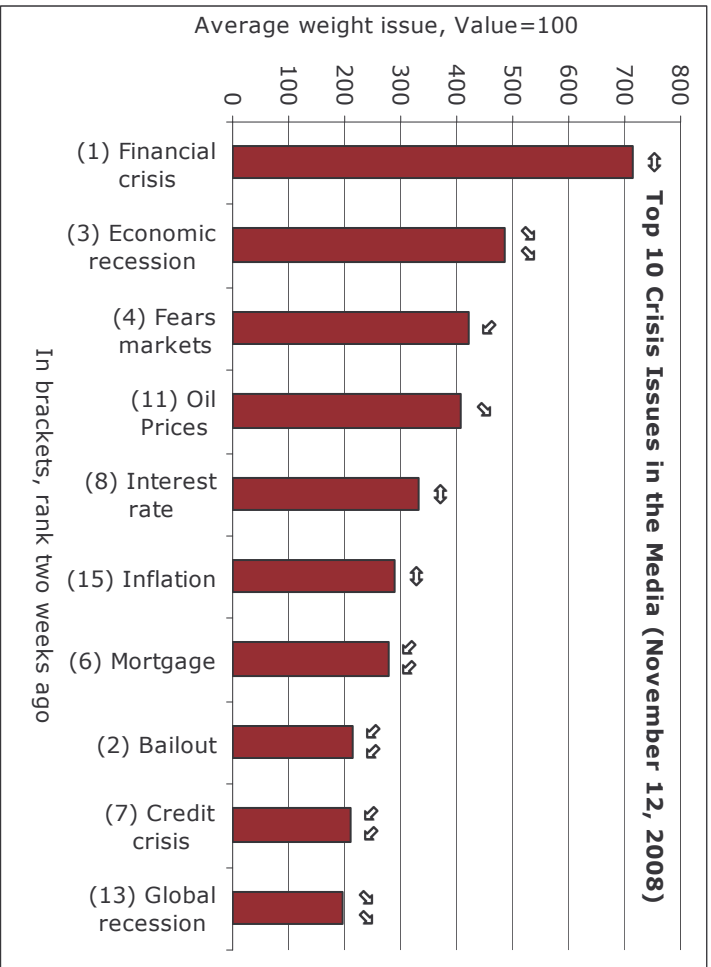


Figure 1.2

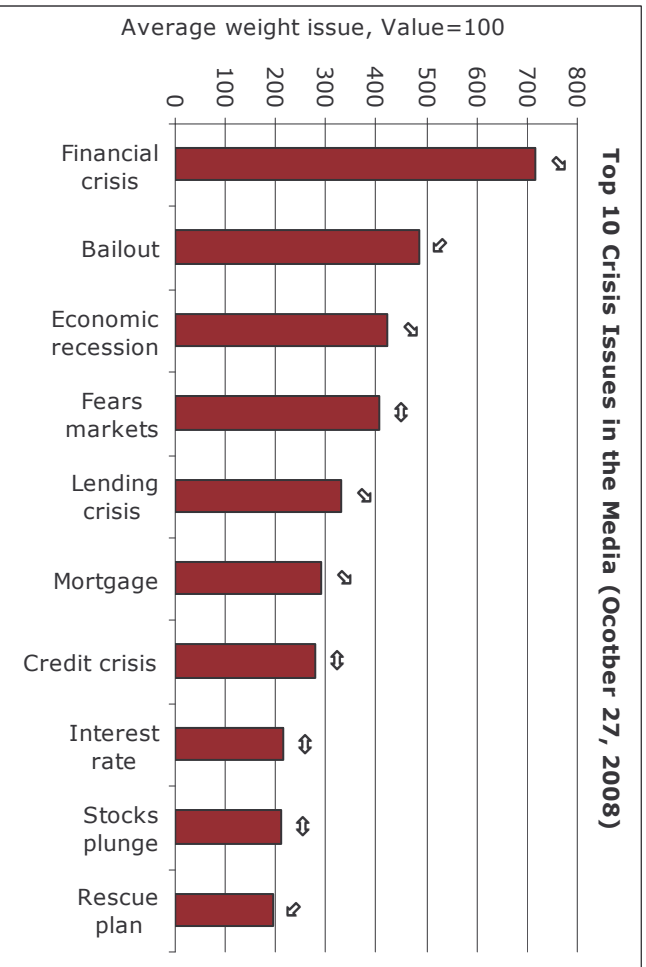
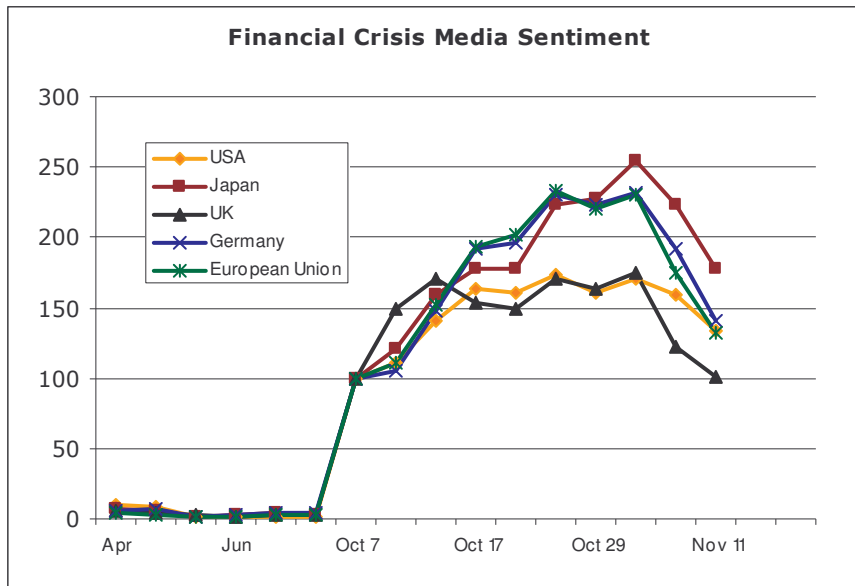
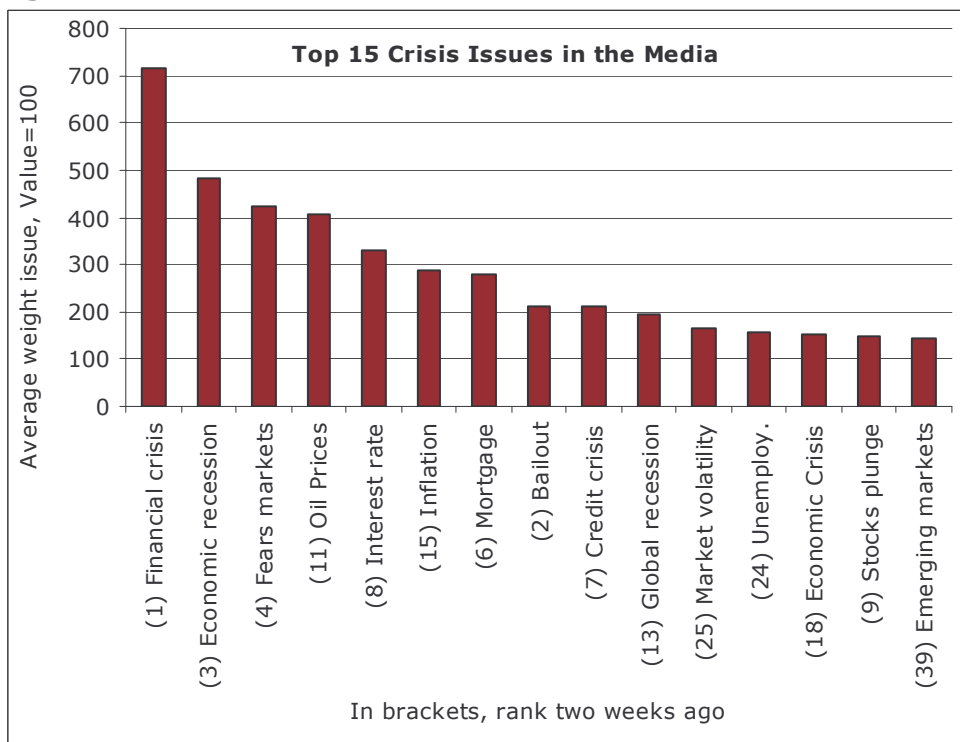


Figure 1.3



We expand the information in figure 1.4, including top 15 issues. Among new issues appear other economic related problems, the economic crisis and the unemployment. We observe a huge increase of media attention to emerging markets, pointing at 15th position, when they ranked just at position 39 two weeks ago.

Figure 1.4



2. Top Issues Related with the Crisis: Monthly Movers

Among all top issues related with the crisis, as portrayed by the media, we show in the following figures top movers during this week, in upward and downward trend.

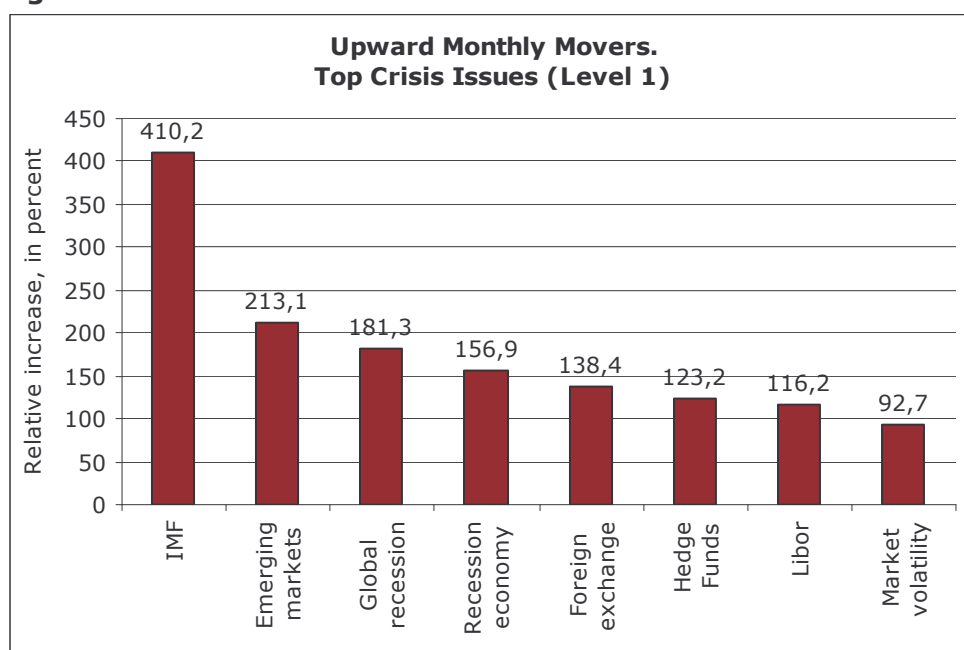
These figures reflect how the story around the crisis is moving week by week. We have organized the information classifying the 200 issues into six groups of levels, according to the amount of media coverage received. We have estimated the average media coverage received by 50 selected issues, referring to OECD countries. According to this value, the level of each group of issues is the following:

- Level 1: Top Issues. Media coverage corresponding to more than 85% of the 50 issues average value.
- Level 2: Complementary Issues: Media coverage between 33% and 84%
- Level 3: Marginal Issues: Media coverage between 10% and 32%
- Level 4: Media coverage between 4.0% and 9.9%
- Level 5: Media coverage between 1% and 3.9%
- Level 6: Media coverage less than 1%

In the following figures we show top upward and downward movers at level 1, 2 and 3.

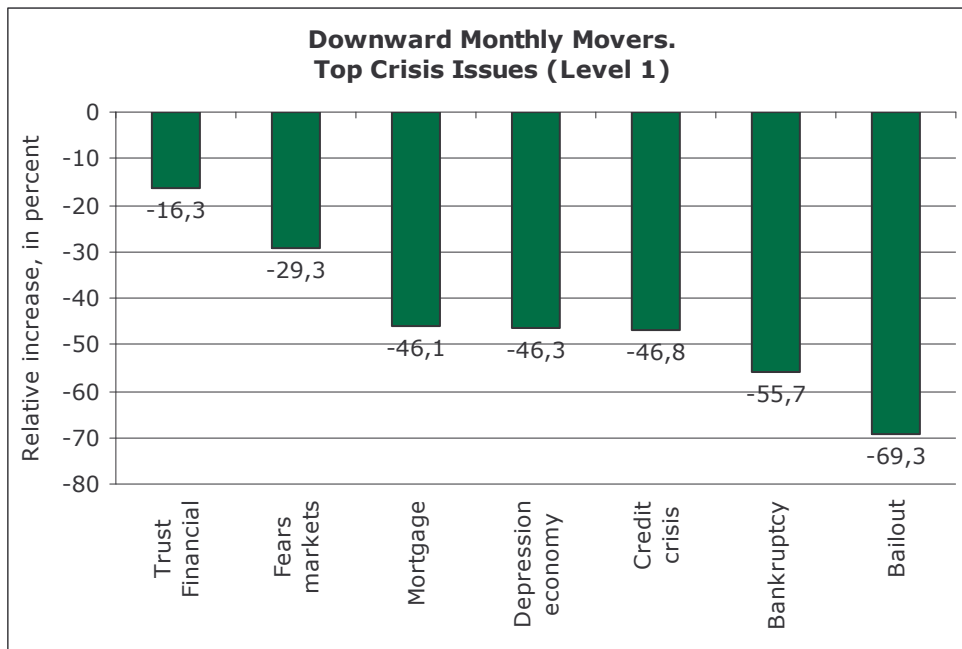
Among top issues, we find that the one that has increased the most its presence is the IMF. Accordingly, it is expected to play a key role in dealing with the solutions of the present crisis. In the previous measurement, IFM related news were again among top upward movers. News related with emerging markets have been multiplied by three in comparison with a month before, as international media fear that these economies will suffer the crisis contagion. Discussion about the emergence of a global recession is another topic which has experiences a huge increase of media attention

Figure 2.1



By contrast, top issues losing some of their prevalence in the media are basically related with the initial effects of the financial crisis, like market fears, credit crisis, bailout or mortgages.

Figure 2.2



Knowing which the movers are at level 2 and 3 is probably much more informative: it refers to second tiers issues by media coverage. They are thus less visible by the public opinion, but their movements provide us probably relevant information about the deep trends of the perception and understanding of the crisis. It can be appreciated that they follow a similar path than top issues: news related with the global economic crisis tend to increase their presence, and those related with the stockmarket and the financial crisis diminish their presence

Figure 2.3

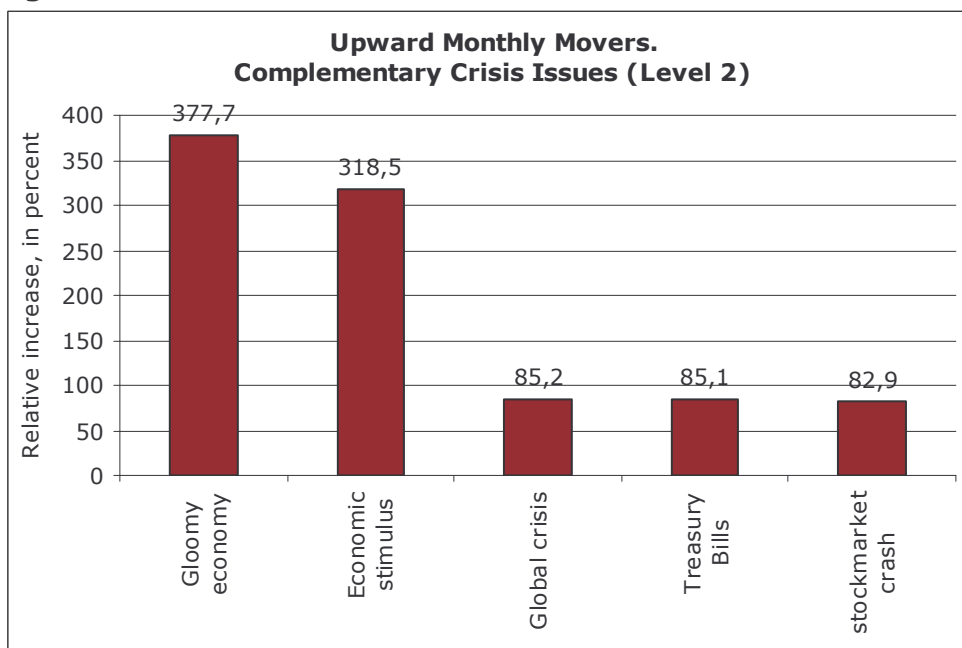


Figure 2.4

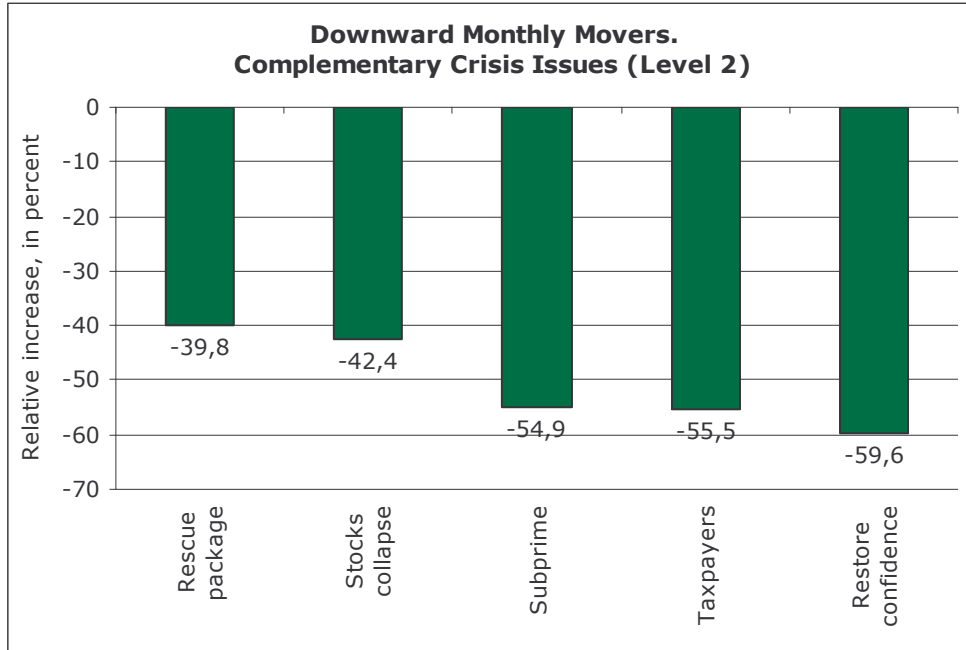


Figure 2.5

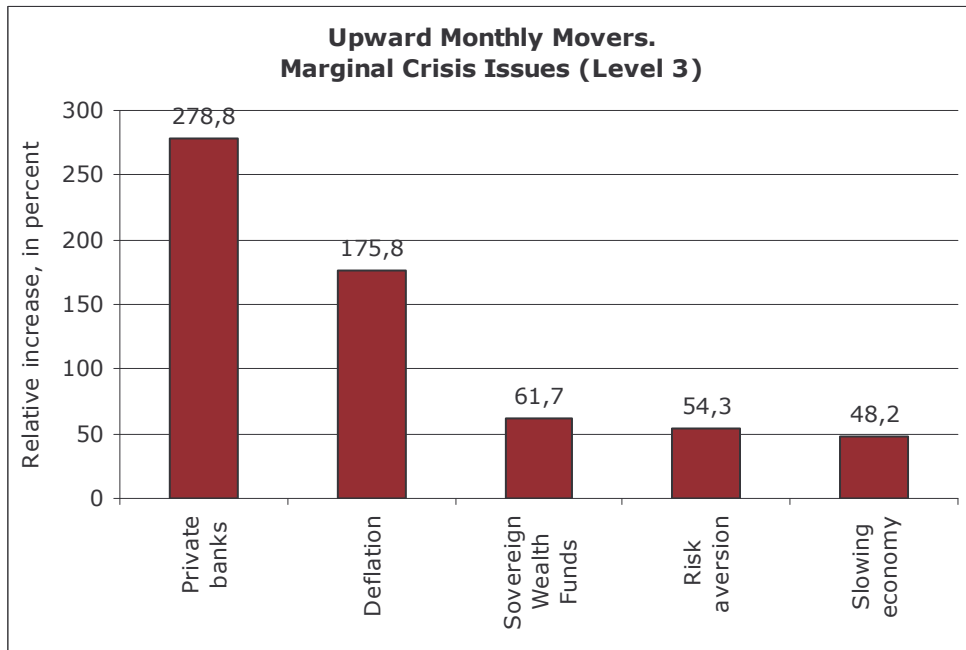
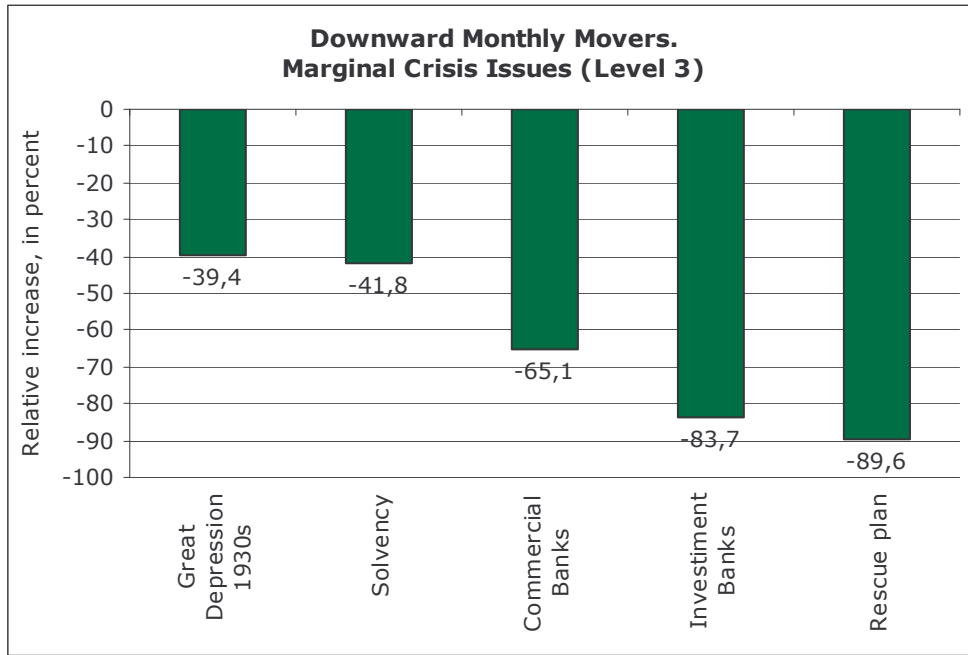


Figure 2.6



3. The Storyline of the Crisis According to Media

In this section we provide an analysis based on the raw material show in the precedent section, in order to generate unitary discourse intelligence to the hundred of thousand articles related with the crisis identified in our data set. The results correspond to the information gathered till the end of October 2008.

First we show which issues are considered by the media as being at the heart of the story of the crisis. No single newspaper can advocate a perfect intelligence of what is going on, or even the media of any given country. As we gather our information from sources coming from all over the world (see figure A.1 in the annex for the geographical origin of the news included in our sample), we can identify a global picture of the crisis which goes beyond any particular view.

We are not necessary assuming that global media coverage will produce the best picture of what is really happening. It is nevertheless true that in all other researches run by ESIrg we have found that global media coverage produces the more accurate view about any particular issue in other fields studied, like sport.

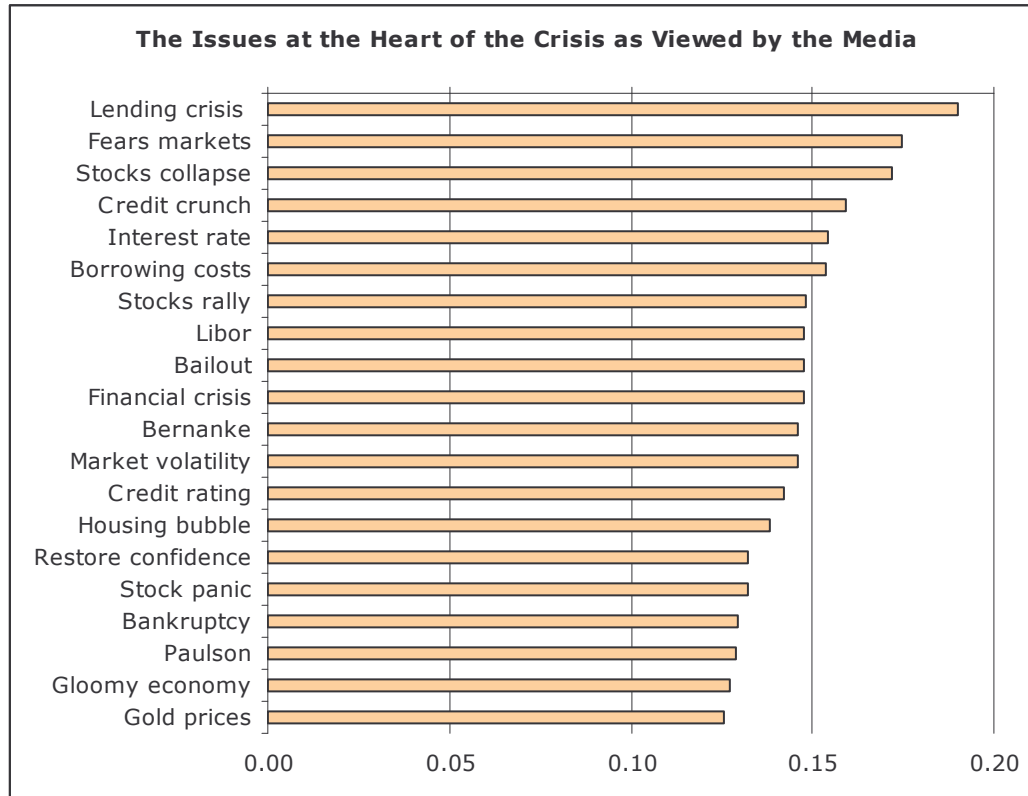
Whatever the relationship between media coverage and actual facts, our data set allows us to identify how the crisis is perceived by media from many countries, as a whole. Starting from this point, we can identify which are the key elements related with the crisis for the media.

The approach we have followed to identify them is the following: using sample correlation analysis, we have estimated the level of similarity behaviour of each pair of issues according to their presence in the media coverage given to top 50 countries (by level of media coverage received). In a second step we have computed the average level of similarity of each one of the 200 issues against the others. The higher the final value, the higher the presence and behaviour of that issue in relationship with all the issues related with the crisis.

According to our results (see figure 3.1), and up to the information gathered by the end of October, the factor that epitomizes the best right now the crisis is the lending crisis. The other issues more in the heart of the storyline of the crisis are: market fears, stocks collapse, credit crunch, interest rates and borrowing costs.

In the other extreme, the issues or actors that behave the less in common with the other issues related with the crisis are: United Nations, corruption, poverty, World Bank, discrimination and bureaucracy. This suggests that right now this set of issues is considered not relevant for explaining the crisis.

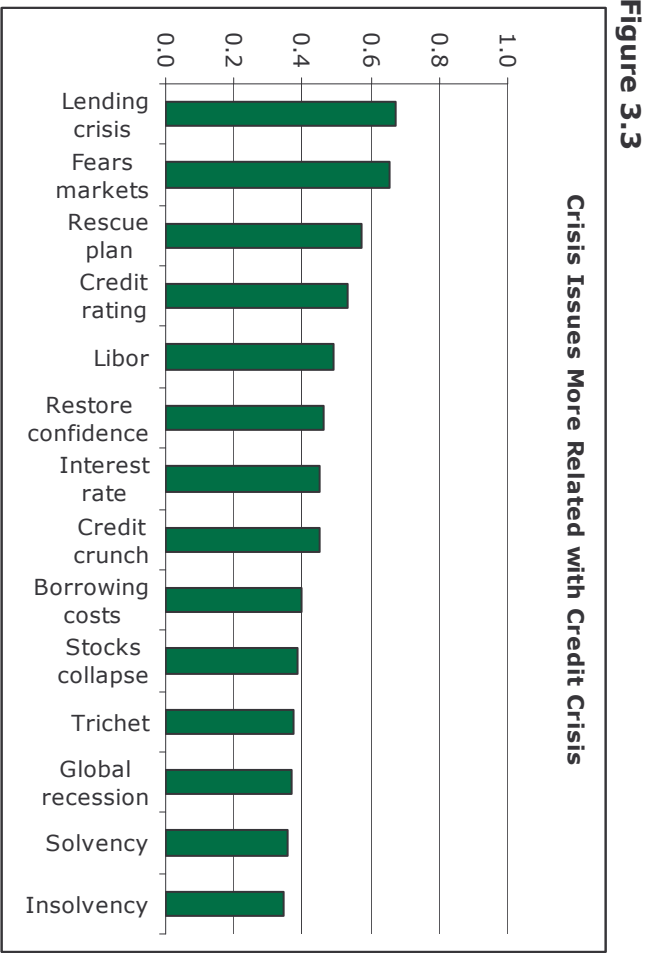
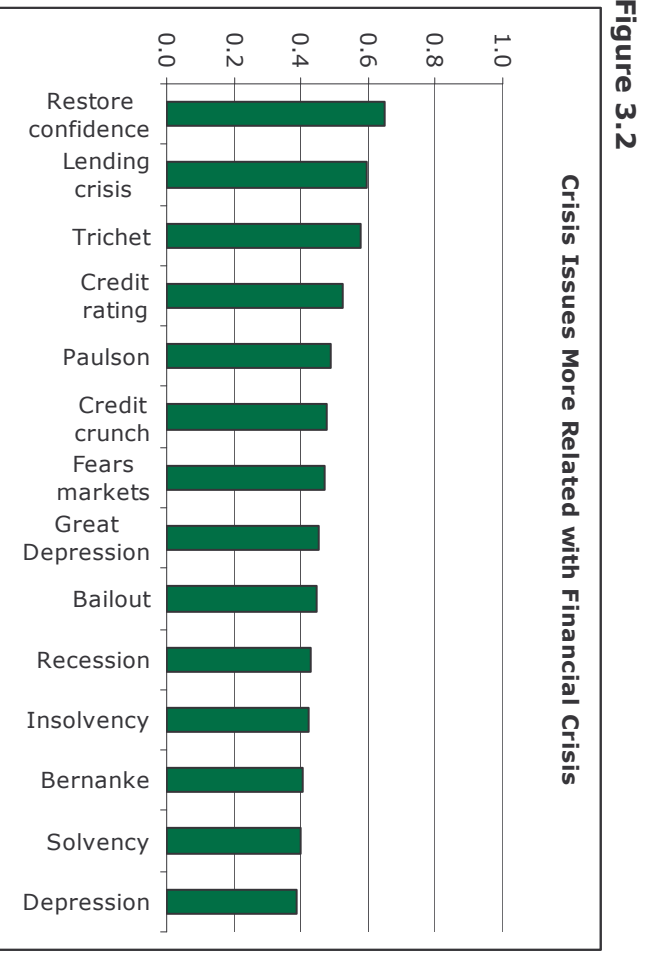
Figure 3.1



Another complementary analysis consists in estimating the issues behaving in common. We have identified them calculating the correlations between each pair of issues concerning their relative presence in news related with the crisis referred to top 50 countries by media coverage.

The results show the vicinity of an issue with other issues as portrayed by the press. This does not necessarily reflect causality, as we do not provide yet analysis of the sense of the relationship between couples of issues. In any case, the correlation analysis produces a clear picture of how the press associates the different elements intervening in the financial and economic crisis.

We show in the following figures the closest correlated issues concerning the following issues: financial crisis, credit crisis, economic recession, rescue plan and stock markets plunge. We show the results with no specific comments or analysis.



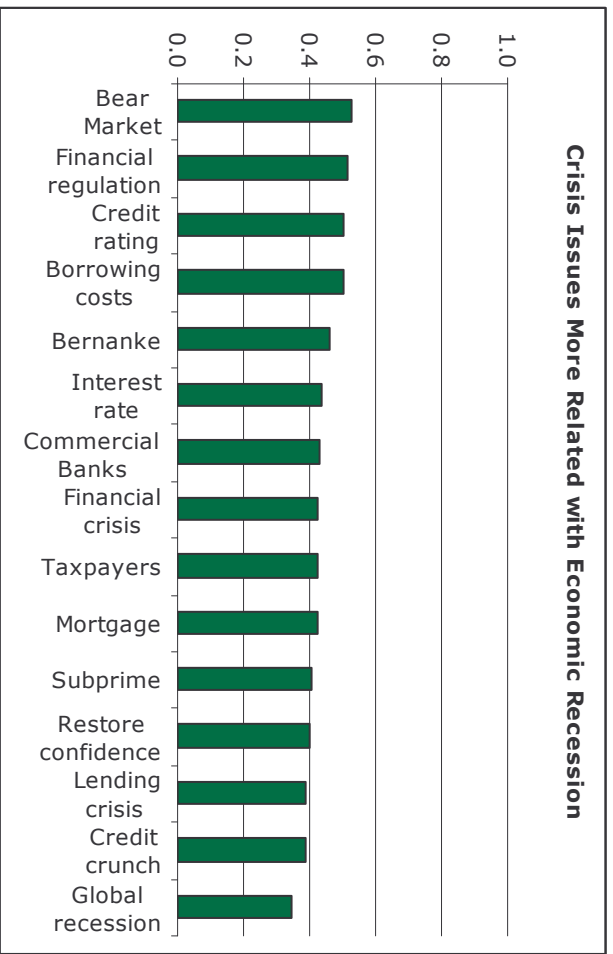


Figure 3.4

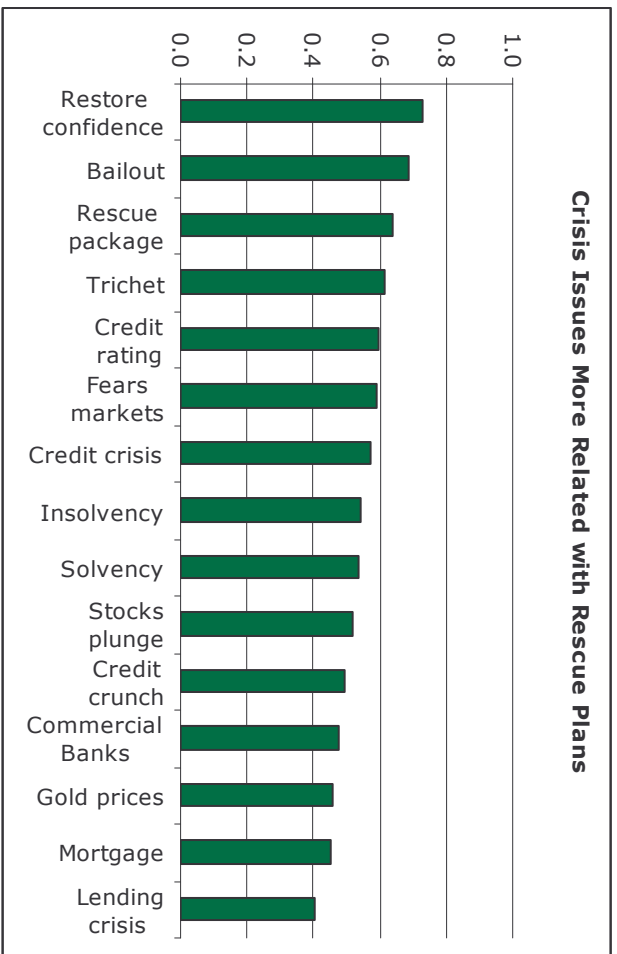


Figure 3.5

4. A Country Focus: Spain

We have the information of how are covered by the media worldwide each one of the 200 issues related with the crisis. As mentioned, we identify how much each one of these issues is associated with any one of the more than 300 countries, territories and international institutions included in our data set.

In the precedent sections we have based the analysis on the weighted average media coverage of all OECD countries.

We can also provide focussed local analysis concerning any individual country or group of countries. In a precedent short note we have shown the outstanding national media coverage produced by the financial difficulties suffered by Iceland.

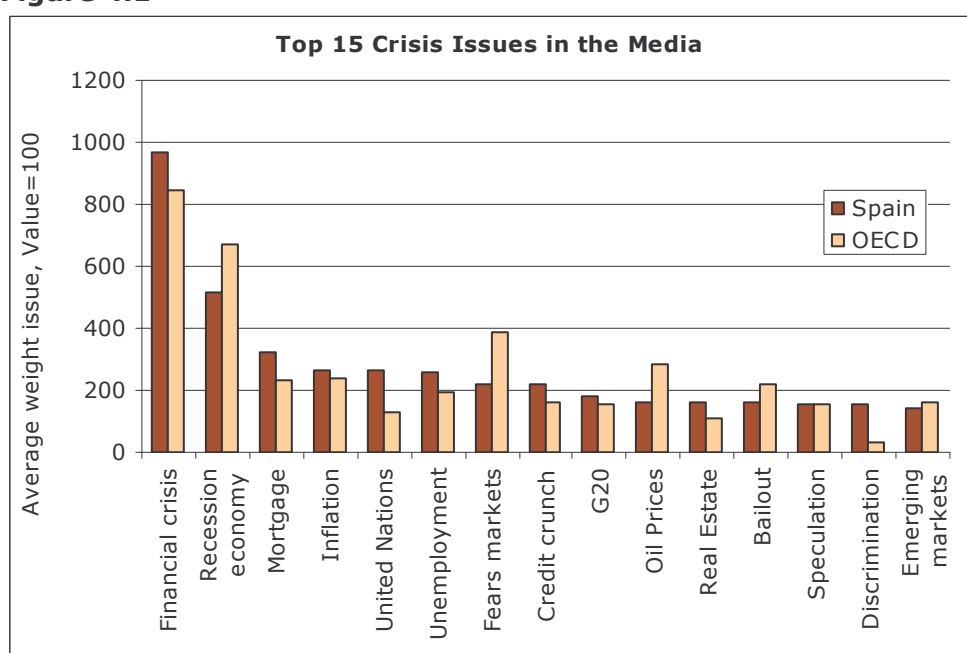
We show here some results concerning the country analysis applied to the Spanish case.

As shown in figure A.5 in annex, Spain is not currently a primary international actor of the crisis, as a mere 0.7% of all crisis related news refer to Spain. Of course, the Spanish presence is undermined by the fact that we focus in media coverage in English. But it is also true that other non English speaking countries receive much more media attention, like the main economic powers (Japan, France and Germany, with an individual share over 6%), and also other countries less powerful, like Italy, Belgium, Brazil or Mexico.

We can compare first the profile given to the crisis when referred to Spain, to the average treatment received by OECD countries. Results in figure 4.1 show that international media stress in the Spanish case the issues related with the financial sector and their connection with the housing industry: financial crisis, mortgage, real estate and credit crunch show a higher presence in Spain than in OECD countries. By contrast, media insists less in market fears and economic recession and oil prices when looking at Spain.

G20 related news are more important in the Spanish profile than in the rest of OECD countries.

Figure 4.1



In figures 4.2 and 4.3 we show the results concerning the analysis of country profile by media coverage of the crisis (with information produced till the end of October 2008). We have estimated the correlations between countries concerning the media coverage given to the top 50 issues related with the crisis. High correlation values reflect similar country profile concerning the crisis, as perceived by the media.

Interestingly enough, Spain is not perceived as having the same problems than physical and economic neighbours like France, Portugal or Italy. They are mainly related with countries suffering from a severe housing crisis, like United States, England or Ireland.

Figure 4.2

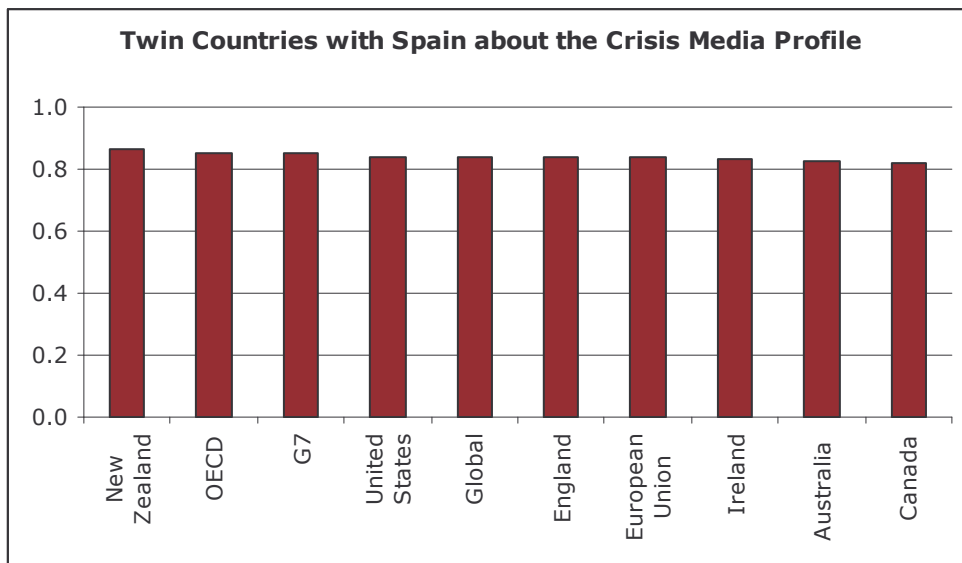
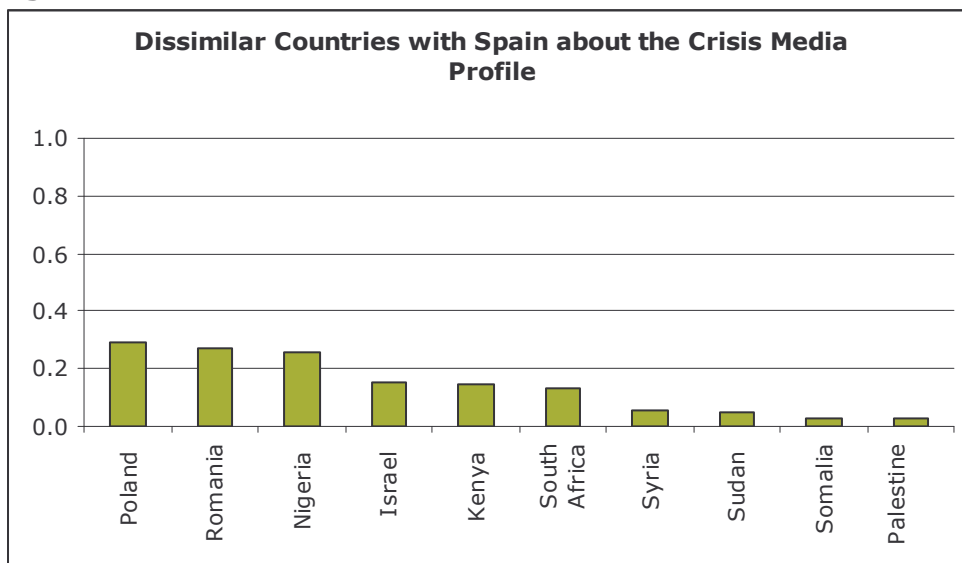


Figure 4.3 shows countries present a very different path from Spain concerning the issues related with the crisis.

Figure 4.3



More information can be found at www.unav.es/econom/politics

5. G20 Meeting: European, USA and Japan Media Perception of the Crisis

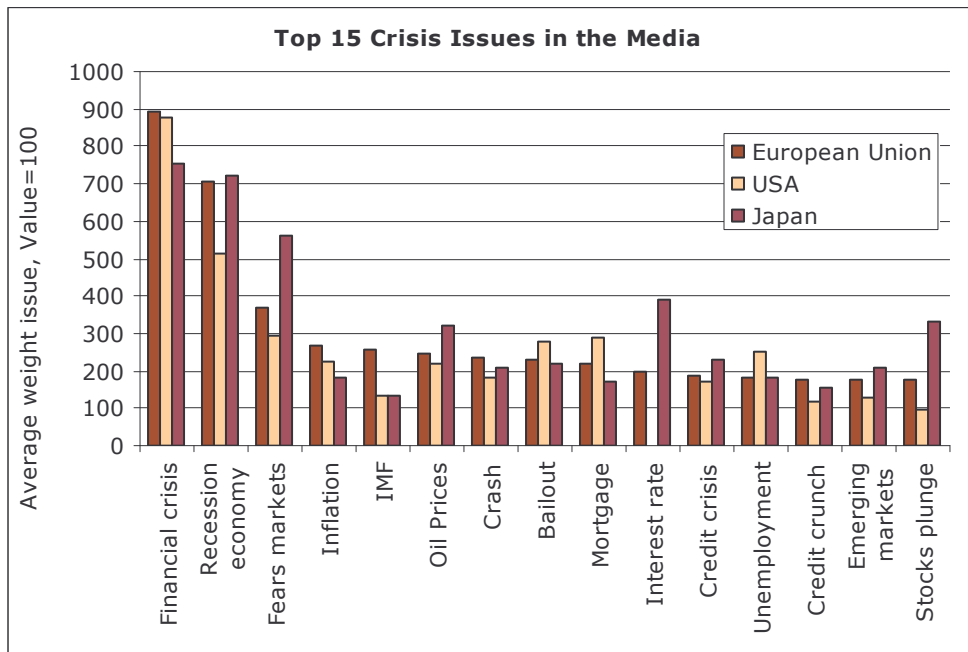
The leaders of the main economies meet in New York by November 15, 2008. Top level discussion will be engaged in order to understand the origin of the financial crisis and the remedies and proposals to solve it, as well as its impact in the economy.

The agenda will be influenced by the main worries at each home economy. We show in the figure 5.1 the relative importance of top issues in three main economic regions: European Union countries, United States and Japan.

According to our results, the financial crisis itself is the main issue in all three cases. Recession is the second issue for all of them, and for Japan it takes almost the same weight than the financial crisis.

Looking at the particularities, we observe that in Europe they care specially about inflation, the role of IMF and the impact of the credit crunch. In United States, special attention is still given to bailout and mortgage related news, and about unemployment. In Japan, specific concerns are fear and plunge in stock markets, oil prices and interest rates.

Figure 5.1



Annex: The Sources

Where does news come from?

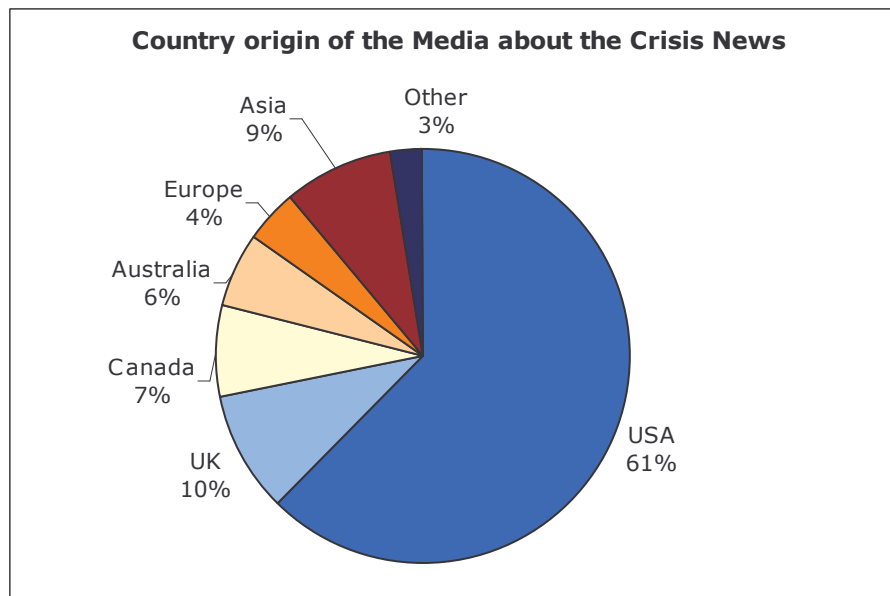
Depending on the analysis proposed, we use different set of newspapers where we look for news related with the media impact of the international financial and economic crisis. In many of our analysis we look for news published in English.

In some cases we include articles produced in the main international languages, including English, Spanish, French, German, Italian, Portuguese and others. Articles written in Russian and Chinese are not included in our data base.

The number of articles worldwide referred explicitly to the financial crisis since September 2008 identified in our data base amounts to some 600'000 different news. They were only about 100'000 different news during the first eight months of the year 2008 (see figure 1.2).

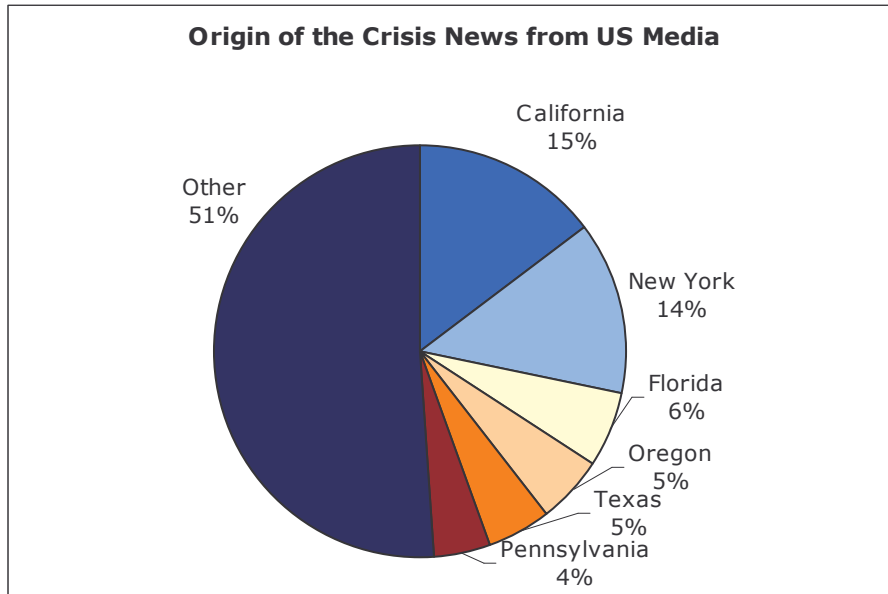
As shown in the graph below, some sixty percent of total media attention comes from USA newspapers. United Kingdom newspapers account for another 10% of total sources found. Then follow Canadian and Australian newspapers. News coming from other countries in Europe and Asia represent a 13% share.

Figure A.1



United States is the main market where the news related with the crisis are produced. We can provide some additional information concerning the origin of regional and local newspapers, by State. Main providers are California and New York, with a combined share of 29% of all news coming from the US. Florida, Oregon, Texas and Pennsylvania are responsible for another 20% of all news. As it can be observed, news share is related with actual State population and economic power.

Figure A.2



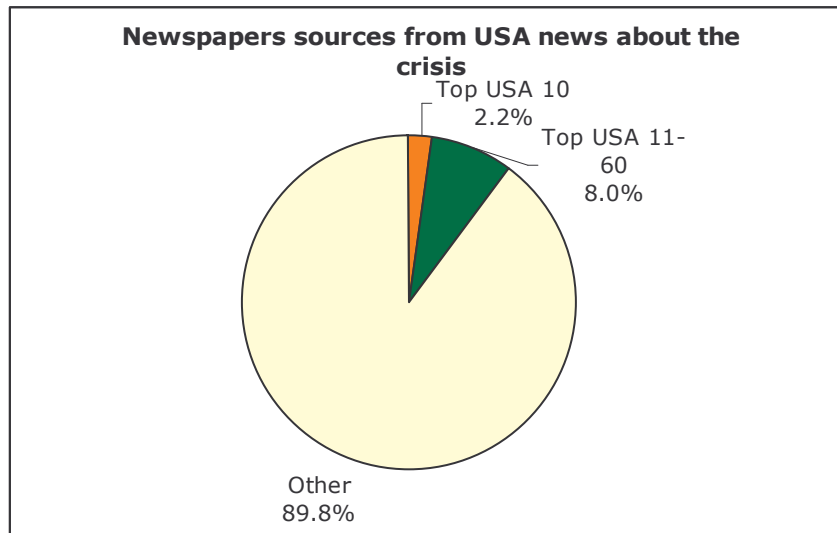
A complementary analysis concerning the sources we use to calculate our measures of media attention refers to the kind of newspapers selected in our data set. We show the example referred to the US newspapers. This information can be shown for any other country included in our data set.

According to our estimations, top 10 newspapers by circulation produce some 2.2% of total US news from our data set. Top 10 newspapers are: USA Today, Wall Street Journal, New York Times, Los Angeles Times, Chicago Tribune, Washington Post, New York Daily News, New York Post, Denver Post, Dallas Morning News.

Our data set includes 79 out of top 100 US newspapers by circulation. Top 60 US newspapers generate 10.2% of all US news.

All in all we count with some 600 main newspapers and news providers in the data set concerning the US media coverage.

Figure A.3

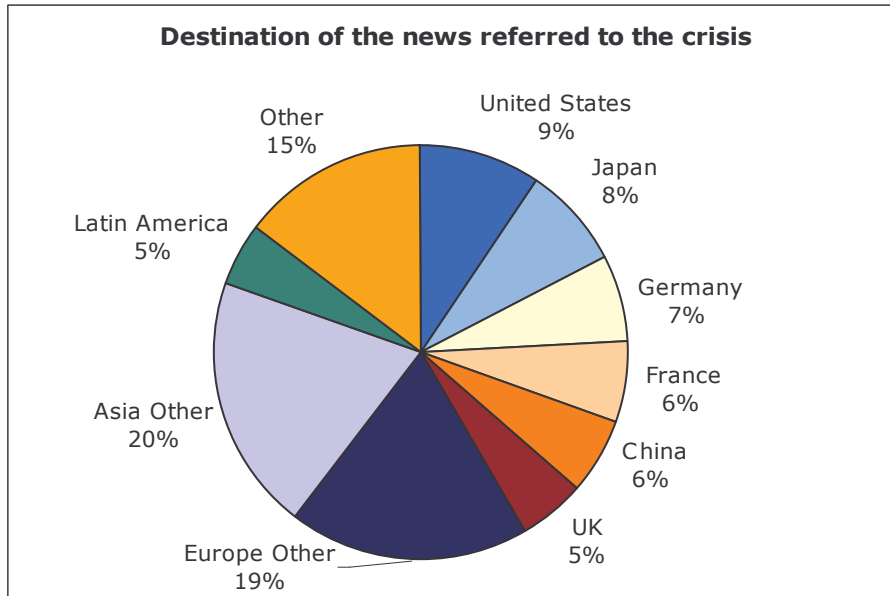


As we report news written in English, we show mainly the media views of the crisis as from US, UK, Canada and Australian perspective, as they provide 84% of all news captured in our data set. These four countries concentrate a substantial amount of financial and economic power and are representative in that sense, but it is also evident that they not represent worldwide media, but just worldwide media written in English.

Remember that we are not focussing our analysis of how the crisis is affecting these countries. We look instead at how the media from all these countries report about the economic crisis and the financial crisis concerning all countries in the world. We need to know then to which extent each country is present in English written press articles. This information is reproduced in figures A.4 and A.5

United States appear in 9% of all news related with the crisis, closely followed by Japan, Germany and France. So, the United States has a lower presence in news than its economic and financial power deserves, even if US media are the main news providers. This is due to the fact that we count as separated items the news where several countries are included in. This means that we add a point for a country for each press appearance, even if it was shared with other countries. These four countries, plus United Kingdom are present in 41% of all news. China has a 6% share. Other Asian and European countries receive a substantial amount of media coverage.

Figure A.4



We show in figure A.5 the same information than in A.4, but referred to the media coverage share of top individual countries.

Figure A.5

