# Why Business News Is Sensationalized

By KEVIN P. PHILLIPS

It came to me in a flash the other day. I had always wondered just how—as polls show—the average American erroneously believes that U.S. corporations make 30 per cent or so profit a year (instead of only 6 per cent on average).

Television news? Walter and Harry and John? Oh, they're not to blame all by themselves, but they do play an unwitting role. Probably only 1 to 2 per cent of Americans regularly read newspaper financial pages, or magazines like *Business Week*. Mr. and Mrs. John Smith get their vague knowledge of business and its profits from a changing mix of gossip, folklore and TV news.

**And if you listen to TV news, folks, without also reading more specialized material, one thing is clear as Rocky Mountain spring water: you're going to get a distorted picture of American business.**

You're going to wind up thinking that the average U.S. corporation (*a*) makes outrageous profits; (*b*) wallows in illegal payments to foreign governments and illegal contributions to local politicians; and (*c*) spends most of its working hours producing pollution and/or trying to slip cancer-causing ingredients past Ralph Nader and the Food and Drug Administration.

I say this on the basis of having carefully examined two months (January-February 1976) of CBS, NBC and ABC evening-news programs with the help of abstracts provided by Tennessee's extraordinarily useful Vanderbilt Television News Archive. The results are enough to give free-enterprise supporters heartburn.

Pollution, auto emissions, new FDA labeling requirements, bans on Red Dye No. 2, false Geritol ads, Gulf Oil slush funds, FDA teething-ring recalls, Bechtel's alleged Arab boycott conspiracy, Tenneco strip-mining environmental damage, mislabeled grain exports, cancer-causing drugs, circumstances in the steel industry, confidential leak-report leaks, estrogen dangers in birth-control pills, Kepone dangers, 250,000 people annually used for drug tests, Monsanto Corp. chemical fish contamination, paint-and-varnish-remover linkage to heart trouble and arteriosclerosis, $6 5-billion federal aid to railroads, oil-company requests to drill in a Houston park, the Vermont Yankee nuclear plant shut down for safety, soaring coffee prices.

No, that's not a Ralph Nader report outline. It's a list of the business and corporate-related stories appearing on January's network evening-news programs. I left out a few, but not many—none that would change the basic picture. February's stories were much the same, giving new emphasis to "unsafe" nuclear reactors, the vinyl-chloride menace and defense-contractor payoffs (Lockheed took over from Gulf as the bogyman-of-the month).

Let's go back to my first point for a minute, the one about massive public misconception of corporate profits. On February 2, Walter Cronkite told viewers that General Motors had chalked up $1.25 billion profits in 1975, a 32 per cent increase over 1974. Occasionally—very occasionally—the network-news programs will report a decline in profits. But most of the time, for obvious quasi-sensationalist reasons, they mention only the big surges. So we get phraseology like "up 64 per cent" or "a 32 per cent increase over 1974."



*TV newscasts sound like reports from consumer gadfly Ralph Nader.*

We almost never hear about explanatory offsetting circumstances, for example the oil industry's low 7½ to 9½ per cent yield on capital during the '60s, massive needed investment in new equip-

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ment, or the low previous profit levels against which sudden surges are measured.

Small wonder that Mr. and Mrs. John Smith, little aware of these financial realities, have it in the back of their minds that corporations are making 25 per cent, 30 per cent and 35 per cent profits each year.

As for the rest of the evening-news business coverage—the Naderesque cavalcade of graft reports and cancer hypotheses noted above—it adds up to an unfair portrait of what is, after all, the most successful economic machine the world has ever seen.

With two-thirds of Americans getting their news from television, how could there not be rising national concern over corporate pollution, greed and unethical practices? That is all television viewers ever see—the Lockheed payoffs, the carcinogen allegations, the vivid (and deceiving) insinuations of nuclear-power danger, and so forth.

With a few exceptions (ABC's Dan Cordtz does better-than-usual work), network news typically covers the negative 5-10 per cent aspect of American business and not the positive 90-95 per cent.

Sadly, I think this is the nature of the teletronic beast, and therein lies the problem. Television is as much a moneymaking business as a porn theater or a bullfight ring (and if you look at the recent television program trend, the aesthetic parallel is also growing). And despite all the trumpeting about public service, network news is a key network moneymaker.

They don't like to admit this (and they don't), because once you understand the dollar signs that snuggle around network-news rating points, it helps explain why their portrayal of American business is so sensationalized—payoffs, contamination, greed, cancer-causing-drug charges and so forth hype the ratings. Honest portraiture of American business doing its job, without overemphasis of the 5-10 per cent wart factor, would be boring. And low-rated. And unprofitable.

**Hypocrisy? There's that, too. The network-news biggies let Walter or John or Harry (and now Barbara) tell you how the FDA recalled 1,000 teething rings that might have jeopardized your child's mental health. And they'll tell you about other profit levels, but not their own.**

(As it happens, I've collected information from three sources—Westinghouse Broadcasting, CBS affiliates chairman Charles Brakefield, former CBS News executive Fred Friendly—all of whom say that network news does indeed make money. Westinghouse recently went so far as to allege that if the networks expand to hour-long news shows, network income will soar by $75 million a year).

Corporate executives are not the only ones who should be concerned at the unfair treatment American enterprise gets from network news. If the media adversary culture succeeds in killing the free enterprise golden goose, who's going to lay the golden eggs that keep Americans prosperous? Surely not the bureaucracy and mushrooming regulatory agencies? Surely not the hit-and-run profiteer at the networks? In this sense, continuation of today's biased and hyped network evening-news business coverage could be more dangerous to national health than Kepone, vinyl chloride, Red Dye No. 2 and all the rest.

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