
Sources of Economic News and Economic Expectations

American Politics Research


38(4) 759–777

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DOI: 10.1177/1532673X09355671

<http://apr.sagepub.com>



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Abstract

This article considers the process by which local economic news coverage influences individual evaluations of the economy. We improve on prior research by capturing a wider range of news sources (including national network news, national newspapers, local television news, and local newspapers) and connecting the effects of this coverage on individual level attitudes. We find that current personal financial evaluations, personal financial expectations, and short-term (12-month) expectations for the U.S. economy are related to national network coverage. Local television coverage of the economy is related to personal financial evaluations but not short-term economic expectations and local print news is important in structuring expectations of future business conditions. Overall, the findings illustrate important differences in economic coverage across media outlets and the effects of these differences on economic expectations. Exposure to different sources of economic information have significantly different effects on economic perceptions—suggesting a more complicated and nuanced role for the news media in shaping economic perceptions than indicated by previous research.

Keywords

economic voting, economic news, economic evaluations, elections, news media, broadcast news

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Over the past several decades, a considerable body of research has developed linking news coverage of the economy to economic expectations. The logic of such connections rests both on the limited capacity of individual citizens and the complexity of economic information. Economic data is far too voluminous and complicated for the average citizen to recall, let alone interpret (De Boef & Kellstedt, 2004; Holbrook & Garand, 1996). Subsequently, citizens rely on cues in economic news coverage to gauge changing economic conditions (De Boef & Kellstedt, 2004; Goidel & Langley, 1995; Hetherington, 1996; MacKuen, Erikson, & Stimson, 1992; Sanders & Gavin, 2004; Wu, Stevenson, Hsiao-Chi, & Guner, 2002), place personal finances in a broader economic context (Mutz, 1992, 1993, 1994), and attribute responsibility for economic outcomes (Rudolph, 2003, 2006; Rudolph & Grant, 2002). Particularly important is news coverage during economic downturns (real or perceived) as coverage increases in volume, is more negative in tone, and citizens pay increased attention to economic news (Fogarty, 2005; Harrington, 1989; Headrick & Lanoue, 1991; Hester & Gibson, 2003; Soroka, 2006; Wu et al., 2002). In this respect, economic news coverage serves as a burglar alarm alerting citizens to both real and perceived economic problems (Zaller, 2003).

Although economic news coverage does in part reflect “real” economic conditions, previous research illustrates coverage may—on occasion—be more negative than conditions merit (De Boef & Kellstedt, 2004; Fogarty, 2005; Goidel & Langley, 1995; Harrington, 1989) and less positive when the news is good and a Republican is in the White House (Lott & Hassett, 2004). More important for our purposes, economic news coverage has been found to have an independent effect on economic evaluations even after controlling for real economic conditions (Blood & Phillips, 1995; De Boef & Kellstedt, 2004; Goidel & Langley, 1995) and elite economic expectations (Nadeau, Niemi, Fan, & Amato, 1999).

Yet if the balance of evidence increasingly indicates significant effects of economic news on aggregate economic expectations, the process by which such coverage gets translated into individual expectations is not entirely clear. Haller and Norpoth (1997) find that close to half of the American public report not getting any economic news. Moreover, economic evaluations for respondents with no self-reported economic news exposure track pretty well with economic evaluations of respondents with exposure (Haller & Norpoth, 1997). MacKuen et al. (1992), in contrast, find significant effects for self-reported exposure but do so by aggregating the balance of respondents reporting having “heard any favorable or unfavorable changes in business conditions.”

Accordingly, the MacKuen et al. (1992) model posits a diffuse sense of economic expectations communicated through the economic news and expert commentary. Under such a scenario, one can reasonably question whether the source

of economic news should matter at all. In their 2000 revisiting of the “Banker or Peasants” article, for example, the authors equate economic forecasting to predicting tomorrow’s weather. “Many individual citizens,” they write, “will come to know whether or not tomorrow’s economy will be a nice economic day” (Erikson, MacKuen, & Stimson, 2000). In this respect, exposure to a particular source of news may be less important than exposure to generalized expectation about the state of the economy and the economic future.

But there are good reasons for believing the source of the news does matter. For example, we would expect little effect for local television news because so little of the content is devoted to economic news stories. Local broadcast news is predominantly crime, sports, and weather. Where it does cover economic news, the coverage is likely to be local in flavor (Wu & Day, 2005). Local print media that provides more depth and often includes a local business section should be considerably more important as a predictor of economic expectations. Even so, the focus of local print news generally remains local often featuring particular businesses in the community (Kaniss, 1991). Along these lines, Wu and Day (2005) report that 50% of local economic news coverage in Louisiana had a local focus compared with 73% for national news coverage, though notably a national focus is not absent from local coverage: More than 40% of the local coverage they coded had a national focus. Local news is also shorter and less likely to provide a broader analytic context (Graber, 2002), for example, providing changes in the stock market without corresponding analyses of what these changes mean for the broader economic landscape. Similarly, because so few people read national print media (such as the *New York Times* or the *Washington Post*) we would not expect that these elite sources would have much effect on individual economic evaluations. National broadcast news, in contrast, has a much larger audience.

In addition, there is a qualitative difference between national and local media outlets: Local news tends to be “fluffier” and less likely to “stir up” problems, while local reporters often engage in “boosterism” for the local communities (Kaniss, 1991). The sources used by national and local print media are also dissimilar. The *New York Times*, for example, uses a good variety of agency sources (Reuters, Bloomberg, AFP, and AP) in addition to their own staff reporters. On the other hand, local media, because of their limited resources, rely much more on AP wire stories (Wu & Day, 2005).

Despite these differences, much of the extant research reporting a connection between economic news coverage—as measured through content analysis of news reports—and aggregate public opinion has relied on elite news sources, primarily the *New York Times*. Although this work has yielded important findings, it leaves open the question of whether research focusing

on different sources of the news, or more fully capturing the various sources of economic news, would yield similar results. What evidence has been produced at the individual level has tended to focus on single elections and cross-sectional data. As such, news coverage is held constant whereas news exposure is variable across individuals. Looking at media effects in the 1992 presidential election, for example, Hetherington connects individual media exposure to economic evaluations and then demonstrates different effects of economic evaluations on vote choice depending on one's level of media use. Consistent with the priming literature, heavy media consumers gave economic evaluations greater weight in their voting decisions. Similarly, Goidel, Shields, and Peffley (1997) show coverage of the economy in 1992 resulted in attitude change in economic evaluations consistent with RAS (receive, accept, and sample) models (Zaller, 1992) and differential weighting of economic considerations consistent with priming (Goidel et al., 1997; Zaller, 1992). Both studies are limited to examining a single election year, and it is unclear how well the findings generalize outside of the context of the 1992 election—an election generally noted for news coverage that strayed from economic conditions (De Boef & Kellstedt 2004; Goidel & Langley, 1995).

So where does this leave us? With a fairly consistent body of literature connecting content analysis of economic news coverage with aggregate economic expectations, but more limited analyses—both in number and scope—capturing the individual dynamics by which economic news coverage influences individual economic evaluations. Although we can be reasonably certain that economic news coverage is an important determinant of economic expectations, we are less confident of the mechanism at the individual level by which economic news translates into economic expectations. Of particular interest to the current research is how individual media exposure and news content interact to influence individual economic evaluations, and whether different patterns of media exposure have different effects on economic evaluations. Specifically, we hypothesize that the effect of economic news coverage on individual economic evaluations will depend both on individual media exposure and the valence (positive/negative) of economic news coverage. Moreover, because different mediums (broadcast vs. print) may cover the economy differently, we also expect to see differences across sources of information.

Data and Measures

For the purposes of this analysis, we make use of a unique data set combining 8 months (October 2003 to May 2004) of the Louisiana Consumer Confidence Survey with extensive content analysis of local and national news coverage of the economy. Each month's survey is based on a randomly selected sample of

approximately 500 adult residents and includes questions on respondent's current financial outlook, future expectations for their personal finances, and future expectations for the U.S. economy in the next 12 months and over the next 5 years. All survey data were collected via telephone by trained interviewers at the Public Policy Research Lab at Louisiana State University.

The content analysis of local media focused on two newspapers and two television news broadcasts. The two local newspapers—*The Advocate* and *Times-Picayune*—were selected because they have the largest circulation in Louisiana, whereas the television news broadcasts (WAFB in Baton Rouge and WWL in New Orleans) are the highest rated broadcasts in the Baton Rouge and New Orleans markets, respectively. Both also happen to be CBS affiliates. For national media, our news sample includes the *CBS Evening News with Dan Rather* and the *New York Times*, the latter of which has been considered an elite newspaper in the nation and can influence the agenda and tone of other media (Reese & Danielian, 1989).

Working independently, coders watched the recorded TV newscasts and browsed the entire papers—national, metro, or sports sections—to identify relevant news stories. The coding sheet for evaluating the broadcast news included each story's identification number, station call letters, date, length, geographic focus, topic, and valence of the newscast. The coding sheet for the print news was identical to its broadcast counterpart except for additional categories such as byline (source), the number of paragraphs (equivalent of length), and the placement of the news story. Undergraduate students were recruited as coders. The undergraduates were trained extensively for a week to assure an adequate level of reliability before they were permitted to code the stories by themselves. Overall, the coders agreed on the valence of economic news coverage (using Holsti's formula) in 75% of the cases.

We model individual economic expectations as a function of individual characteristics (age, income, education, gender, and race), generalized media exposure, real economic conditions, and specific exposure to economic news coverage. Because the dependent variables are ordinal, we use ordinal regressions to estimate the respective models.

Economic News Coverage

To measure economic news coverage, we employ the Janis–Fadner coefficient of imbalance (Janis & Fadner, 1943). The coefficient of imbalance is computed as follows:

$$Cf = (f^2 - fu)/r^2 \text{ where } f > u,$$

$$Cu = (u^2 - fu)/r^2 \text{ where } f < u,$$

where f = favorable units of content (i.e., positive economic news coverage), u = unfavorable units of content (i.e., negative economic news coverage), and r = total relevant units of content (positive news + negative news + balanced/neutral).

The coefficient of imbalance takes both valence and volume of news into account and ranges from -1 (indicating extremely negative economic news coverage) to $+1$ (indicating extremely positive economic news coverage), with 0 indicating balanced or neutral coverage. For our purposes, the coefficient allows us to capture the balance of economic news coverage for a given month in a single measure that is comparable across print and broadcast media. We use a balance measure rather than the number of stories for several reasons. First, presenting total stories presents problems in terms of the comparability across sources. Print media, for example, are not constrained by the tight time frame of nightly newscasts and are likely to have more stories, on average, than broadcast media. Even comparing across print media there are issues. The *New York Times* has considerably more resources than a local newspaper. Second, we would also contend that respondents assess the state of the economy using an online processing model. That is, they evaluate whether the news is good or bad and use that information to update their general sense of the direction of the economy. If this is indeed the case, it is the balance rather than the total amount of coverage that should drive economic evaluations. Finally, as discussed below, because we capture individual news exposure we are also able to capture the volume of individual exposure to economic news. In Table 1, we present the coefficient of imbalance for the *CBS Evening News*, the *New York Times*, local broadcast news, and local newspapers.

Several interesting patterns emerge from Table 1. First, there is considerable variation in how the economy is reported in the local and national news media. Both local and national media display a preference for negative news but—as would be expected—the national media are generally more negative than local news. In this respect, both national broadcast and print media are more negative than their national counterparts (though the differences are not statistically significant). Wu and Day (2005) reported this exact tendency and found that, despite its bearish leaning toward the economy, the *New York Times* reflected economic indicators more closely than other media. Second, there is greater variability in broadcast as opposed to print media. This is to be expected given the more limited news hole in broadcast news, but is important to the extent that more citizens rely on television news to keep informed. A majority of respondents (54%) in the Louisiana Consumer Confidence surveys, for example, reported that they relied on national

Table 1. Comparison of News Coverage of the Economy by Local and National News Coverage

	National broadcast (CBS News)	Local broadcast	National print (<i>New York Times</i>)	Local print
October 2003	-0.06	-0.40	-0.21	0.01
November 2003	-0.15	-0.18	-0.05	0.02
December 2003	-0.49	-0.37	-0.12	-0.02
January 2004	-0.79	0.17	-0.14	-0.05
February 2004	-0.87	-1.00	-0.06	-0.22
March 2004	-0.01	0.06	-0.11	0.05
April 2004	-0.37	-0.56	-0.09	-0.09
May 2004	-0.03	0.00	-0.05	-0.04
Mean	-0.35	-0.28	-0.11	-0.04
Standard deviation	0.34	0.38	0.05	0.09

network news, local television news was the second most cited source (17%) followed by local newspapers (10%).

Variability in economic news coverage is further illustrated in the bivariate correlations across media outlets. First, our measures of local news coverage are highly correlated with each other ($r = .75$). And, our measure of local print coverage of the economy is highly correlated with national broadcast coverage ($r = .75$). At least during the time frame of the current study, our measure of national print news—*New York Times*—failed to track very closely with other media. The strongest correlation was between the *New York Times* and local print coverage but—surprisingly—the correlation was negative ($r = -.37$). Local and national broadcast media were moderately and positively correlated ($r = .42$).

If news coverage of the economy varies according to source, which sources most closely approximate actual economic conditions as reflected in leading economic indicators and the state unemployment rate? As Table 2 reveals, the correlations vary across source. National print news (as measured by the *New York Times*) is mostly closely associated with economic conditions ($r = .56$ for the state unemployment rate and $r = .48$ for leading economic indicators). Local broadcast news is moderately correlated with the leading economic indicators ($r = .39$) and national broadcast news is moderately correlated with the state unemployment rates. Given the limited number of observations ($n = 8$), we should exercise caution in interpreting these findings. With a larger number of observations and a different set of economic indicators (e.g., inflation rate), the patterns might be very different. Even so, at least during the period under study, local and national media news sources covered the economy very differently with some outlets (*New York*

Times) more closely adhering to changing economic conditions than others (e.g., local print news). Notably, the source that most closely approximates real economic conditions is also the source that citizens are least likely to attend to. Although one might argue that the *New York Times* leads the coverage of these other outlets, there are important differences in economic news coverage in local print media and in local and national broadcast news. Seen in this light, the *New York Times* appears to be good indicator of economic trends but is perhaps less reflective of broader patterns of economic news coverage.

Given that individuals differ in their exposure to the news, we focus on the interaction between the content of news coverage and individual exposure. In each of the months included in the analysis, individuals were asked how many days in the past week they had watched television news or read a newspaper. Unfortunately, these items did not differentiate between local and national news. To gauge economic news exposure, we multiply individual level news exposure by the coefficient imbalance described above. We use separate measures of news exposure for television and newspapers.

$$\text{Economic News Exposure} = \text{News Exposure} \times \text{Coefficient of Imbalance}$$

This is similar to the measure of media exposure used by Freedman and Goldstein (1999) in their study of the effects of negative advertising though we lack the time specific measure of media exposure that captured exposure during different times of the day and the market specific indicators of news content. In this respect, Freedman and Goldstein used a log of the number of negative advertisements in a particular market and multiplied the number of times ads appeared by the proportion of time a respondent reported watching television during a particular time slot. Unlike Freedman and Goldstein, we include the main effect for the media exposure variables to capture more generalized political interest and attentiveness. We do not include the main effect for the content variables as—theoretically—these variables should not have an effect on economic expectations independent from individual exposure.

The overall measure ranges from -7 to $+7$ with -7 indicating daily exposure to negative economic news and $+7$ indicating daily exposure to positive economic news. Because it is doubtful that any given individual attended to every economic news story even if they reported watching the news, the measure serves as ceiling for economic news exposure.¹ The mean economic news exposure for *CBS Evening News* was -1.75 ($SD = 1.89$), whereas the

Table 2. Correlations of News Coverage of the Economy and Economic Conditions

	Leading economic indicators	State unemployment
Local broadcast news	.39	.003
Local print news	-.01	-.11
CBS News	-.01	.35
New York Times	.48	.56

mean was -1.35 ($SD = 1.96$) for local broadcast news, -0.43 ($SD = 0.38$) for *New York Times*, and -0.12 ($SD = 0.34$) for local print news.

Economic Expectations

To measure economic expectations, respondents were asked four questions standard to the Index of Consumer Sentiment: (a) *Current Family Finances*: Personal family finances compared with a year ago, (b) *Next Year Family Finances*: Expected change in the family financial situation over the next 12 months, (c) *Short-Term Business Expectations*: Expected business conditions during the next 12 months, and (d) *Long-Term Business Expectations*: Expected business conditions during the next 5 years. Collectively, the measures capture pocketbook retrospective evaluations (Current Family Finances), pocketbook expectations (Next Year Family Finances) and sociotropic short- and long-term expectations. Specific question wordings are as follows:

We are interested in how people are getting along financially these days.

Would you say that you (and your family living there) are better off or worse off financially than you were a year ago? ($M = 2.11$, $SD = 0.79$).

Now looking ahead—do you think that year from now you (and your family living there) will be better off financially, worse off, or just about the same? ($M = 2.34$, $SD = 0.64$).

Now turning to business conditions in the country as a whole, do you think during the next 12 months we will have good times financially, or bad times, or what? ($M = 3.05$, $SD = 1.59$).

Looking ahead, which would you say is more likely—that in the country as a whole we will have continuous good times during the next 5 years or so, or that we will have periods of widespread unemployment or depression, or what? ($M = 3.30$, $SD = 1.54$).

The measures of personal finances (both current and expected) are measured on a 3-point scale with 1 indicating respondents who said they were doing (or expected to be doing) worse, 2 indicating about the same, and 3 indicating better. The measures of future U.S. business conditions were measured on a 5-point scale with 1 indicating bad times, 2 bad times with qualification, 3 the same, 4 good times with qualifications, and 5 good times. We include the items about family finances for the following reasons. First, the items are components of the Index of Consumer Sentiments, which has been used routinely in the literature as an indicator of economic expectations (Blood & Phillips, 1995; De Boef & Kellstedt, 2004; Erikson et al., 2000; MacKuen et al., 1992). Second, with the exception of current personal finances, each of the items asks respondents to forecast the economic future and there is good reason to believe economic expectations are tied to economic news coverage (MacKuen et al., 1992). Nadeau et al. (1999), for example, argue that unlike retrospective evaluations such forecasts should be based on media reports and expert judgments. Related, Krause (1997) contends that news coverage of the economy should have an impact on the ego-centric expectations of the economy for less informed voters and on the sociotropic expectations of more informed voters. The implication is that at least for less informed citizens economic news structures personal economic expectations (Krause, 1997). Finally, we would note recent work by Killian, Schoen, and Dusso (2008) that demonstrates that sociotropic and pocketbook economic evaluations may work in combination to influence voting behavior. As these authors contend, individuals use national economic trends to understand their relative well-being (Killian et al., 2008). It is only a short leap to suggest that their understanding of the national economy is likely derived from economic news coverage.

Economic expectations remained relatively stable over the period of the study as did economic conditions. Still there is significant variation across the 8 months of the study. For each of these items, the low was in February 2004 and the high was in May 2004. We find the greatest variation in short-term business expectations (14 points) and personal financial evaluations (13 points). There is less variation in personal expectations (10 points) relative to long-term business expectations. As noted below, we see these variations in evaluations despite a relatively stable economy over the period under study.

Indicators of Real Economic Conditions

As indicators of real economic conditions, we use one national measure—leading economic indicators—and one state level measure—the state unemployment rate, seasonally adjusted. The leading economic indicator varies

from a low of 110.3 in October 2003 to a high of 111.6 in May 2004. The state unemployment rate ranges from a low of 6.2% in October 2003 and January 2004 to a high of 6.7% in April 2004 and May 2004. During the period under study, the statewide unemployment rate was consistently higher than the national unemployment rate. Within the study, we rely on “real time” economic conditions rather than lagged indicators. It might be argued that lagged indicators are more appropriate than current conditions given the delays in releasing economic data. State unemployment data for April, for example, is generally not released until the middle of May. However, we are not interested in the effect of the unemployment rate once it is reported in the news media—that should be captured in our measure of media exposure—but in how citizens are responding to actual conditions during the period of the study.

Demographics

We also include standard demographic controls—age, income, education, gender, and race. Age is measured in years. Education is measured as the number of years of education completed. Income is measured on a 10-point scale where 1 indicates less than \$10,000, 2 indicates from \$10,000 to \$19,999, 3 indicates from \$20,000 to \$29,999, 4 indicates from \$30,000 to \$39,999, 5 indicates from \$40,000 to \$49,999, 6 indicates from \$50,000 to \$59,999, 7 indicates from \$60,000 to \$79,999, 8 indicates from \$80,000 to \$99,999, 9 indicates from \$100,000 to \$150,000, and 10 indicates \$150,000 or more. Gender and race are measured as dummy variables indicating minority (non-White) and male respondents, respectively.²

Results

In Table 3, we present ordinal regressions of personal (and family) financial evaluations and personal financial expectations on individual economic news exposure. To illustrate the effects of different sources of news, we ran four separate models.³ The first includes only economic conditions and none of the economic coverage variables, the second includes only local economic variables, the third includes only the national economic news variables, and the fourth includes both local and national economic news coverage variables. Turning first to the results for current family finances, we find that—absent the economic news variables—economic evaluations are driven mostly by the state unemployment rate. Notably, this effect disappears once we include national economic news coverage in the model suggesting that the effect of economic conditions on current family finances is mediated by economic news coverage. To the extent that economic news matters, it is

Table 3. Ordinal Regressions of Current Personal Finances and Personal Finance Expectations on Exposure to Economic News

	Current family finances				Personal financial expectations			
	Economic conditions	Local news	National news	Combined model	Economic conditions	Local news	National news	Combined model
Media exposure								
Days watch TV news	0.010	0.019	0.020	0.034*	0.005	-0.002	0.018	0.016
Days read paper	0.004	0.001	0.019	0.012	-0.021*	-0.015	-0.024	-0.027
Economic variables								
Leading economic indicator	0.061	-0.008	0.046	-0.025	0.140*	0.185**	0.164*	0.215**
State unemployment rate	0.453**	0.459**	0.277	0.229	0.098	0.120	-0.022	-0.042
Exposure to economic news coverage								
Local Broadcast News × Days Watch News		0.040*		0.042**		-0.025		-0.024
Local Newspaper × Days Read Paper		-0.085		-0.208		0.183		0.011
CBS News × Days Watch News			0.032*	0.042*			0.041**	0.048*
New York Times × Days Read Paper			0.141	0.141			-0.019	-0.054
Nagelkerke R ²	.066	.067	.067	.068	.084	.085	.085	.086

Note: The regression models also included age, income, education, race, and gender.

* $p < .10$. ** $p < .05$. *** $p < .01$.

broadcast news (both local and national) that appear to affect retrospective evaluations of current family finances. If the news is balanced, respondents who watch the television news are generally more positive in their financial evaluations (as indicated by the main effect for *Days Watch TV News*). However, as broadcast news coverage becomes more negative so too do personal financial evaluations.

We develop a much different perspective when we turn our attention to financial expectations. First, personal financial expectations are related to leading economic indicators but not to the state unemployment rate. Second, there is no local effect for expectations—expectations are related only to national broadcast news and not to local broadcast news. Print news coverage—either national or local—appears to be unrelated to current family finances or personal financial expectations.

In Table 4, we present ordinal regressions for short-term (12 months) and long-term (5 years) expectations for U.S. business conditions, including a control for personal financial evaluations. Doing so serves two purposes: First, we can see that the relationship between news exposure and economic evaluations is fairly robust—holding even after controlling for self-reported changes in personal finances. As can be seen in Table 4, exposure to national network news is significant even with this important control in place. Second, it illustrates the indirect effect news exposure has on economic expectations. Importantly, economic news coverage not only has a direct effect on economic expectations but also influences these expectations through the effect on retrospective evaluations of personal finances. Overall, we find that citizens are responsive to changes in the national economy as reflected in the leading economic indicator. State unemployment rates also appear to matter but only in long-term economic evaluations. In terms of economic news coverage, both local print and national broadcast coverage exert significant effects on economic expectations. Looking at the combined models, network coverage appears to have a significant effect on short-term expectations, whereas local newspaper coverage has a significant effect on long-term expectations. However, as noted earlier these sources are highly correlated, so it is likely that respondents are getting similar economic portrayals from national broadcast news and local print media. Importantly, these sources do not necessarily track real economic conditions very closely. Two implications follow. One, news coverage has an impact beyond the reporting of economic indicators. Two, it makes a great deal of difference which sources of news citizens follow to try to make sense of changing economic conditions.

Table 4. Ordinal Regressions of 12-Month and 5-Year Economic Expectations on Individual Exposure to Economic News Coverage Controlling for Current Personal Finances

	U.S. Business Conditions: 12 Months				U.S. Business Conditions: 5 Years			
	Economic Conditions	Local News	National News	Combined Model	Economic Conditions	Local News	National News	Combined Model
Media exposure								
Days watch TV news	0.000	-0.012	0.021	0.016	0.018	0.007	0.035**	0.017
Days read paper	0.006	0.016	-0.001	-0.006	0.019*	0.031**	0.038*	0.054**
Economic variables								
Leading economic indicator	0.123*	0.200**	0.169**	0.259**	0.136*	0.206**	0.124	0.163*
State unemployment rate	0.262*	0.300**	0.091	0.055	-0.186	-0.128	-0.441**	-0.338*
Exposure to economic news coverage								
Local broadcast news × Days watch news		-0.043**		-0.044**		-0.037		-0.034
Local newspaper × Days read paper		0.301**		0.017		0.378**		0.319**
GBS News × Days watch news			0.067**	0.081**			0.054**	0.027
New York Times × Days read paper			-0.059	-0.117			0.180	0.233
Current family finances								
Finances worse	-0.882**	-0.887**	-0.876**	-0.882**	-0.506**	-0.510**	-0.502**	-0.507**
Finances about the same	-0.444**	-0.449**	-0.433**	-0.439**	-0.148**	-0.152**	-0.141**	-0.148**
Nagelkerke R ²	.065	.067	.069	.071	.054	.057	.057	.058

*p < .10. **p < .05. ***p < .01.

Discussion

That economic news coverage plays an important role in the public's economic evaluations is generally well established. Less clear has been the individual processes by which news gets translated into individual evaluations. Work by Hetherington (1996) and Goidel et al. (1997) is instructive on this point but is limited to the 1992 elections, an electoral context well suited to demonstrating individual level effects. Making use of a unique data set that allows us to consider the effects of news coverage across individuals and changing economic conditions, the current analysis adds to the existing literature by specifying and testing these individual effects and by considering multiple sources of economic information. We find that individual economic expectations are related to exposure to economic news coverage and that individuals are most responsive to broadcast news. This is not unexpected given that the public routinely cites television news as its primary source of information, and—at least for respondents in the current sample—a majority cites network television as its primary source of economic news. It is, however, troubling to the extent that broadcast news coverage of the economy is sporadic, mostly negative, and not closely aligned with real economic conditions. Given the limited time available in broadcast news, one could reasonably surmise that the public primarily uses the networks in a burglar alarm fashion (Zaller, 2003), looking to the news to warn of potential problems. Even in cable news channels, the amount and depth of information provided to economic news would not be remotely comparable with newspapers. Local newspaper exposure is also important in structuring expectations about future business conditions.

Although we should be careful not to overstate the finding, it is noteworthy that the sources most likely influence economic expectations—television and local newspapers—are not strongly related to real economic conditions. This raises a potential troubling normative concern with “Peasants or Bankers” metaphor. Citizens may be bankers but it is not clear that—if they are relying on television news for expert commentary—they are getting the most accurate or most useful analyses for developing economic expectations. More generally, to the extent that citizens rely on economic news to understand changing economic conditions, source really does matter. Not only does economic news vary from source to source but it also varies in terms of its impact on individual expectations. As an aside, we do not find significant effects for the *New York Times*. Based on other analyses, we would contend that the *New York Times* is a reasonable proxy of economic conditions but a more limited proxy for the economic news exposure of the typical citizen. Broadcast news and local print media are simply more important.

Local economic contexts may also create a unique social atmosphere that impacts residents' perception toward the economy. For example, people living in Michigan, because of its failing automobile industry, could have developed a more pessimistic attitude than people in other areas. In the current study, the differences between the local and national economies were more muted. As such, we many have only scratched the surface of differences between local and national economic coverage and their effects on economic expectations. This much, however, is clear: Different sources provide different portrayals of economic conditions and these differences matter in the formation of individual economic expectations.

Declaration of Conflicting Interests

The authors declared no conflicts of interest with respect to the authorship and/or publication of this article.

Funding

Funding for the Louisiana Consumer Confidence Survey was provided by the Louisiana Workforce Commission. Funding for the content analysis was provided by the Reilly Center for Media & Public Affairs.

Notes

1. This is also the logic employed in Freedman and Goldstein (1999).
2. We would expect that economic evaluations would also be affected by partisan identification. Unfortunately, it was not included in the consumer confidence survey (which was collected on behalf of a state agency).
3. Running the separate models also helps to assure the findings are not affected by collinearity between the interaction terms.

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