

Media and the Economy

By ARSamson

Maybe, the reason news in general broadsheets is dominated by politics and crime is that villains (and sometimes heroes, for the moment) are easier to figure out in these stories. If paper bags are passed out, it's simple to follow what happens next, and it has nothing to do with recycling.

Stories featuring personalities, especially in entertainment, can grip the Filipino psyche and follow a certain template involving a couple and a third party. Is the scarcity of business news a case of their absence or a matter of avoiding complexity and a lack of appreciation on the dynamics of supply and demand?

Thus is often why the president is upset when economic numbers that should invite a brass band and champagne instead attract cynicism as in the second quarter GDP growth of 7.5% which this corner heartily cheered in its piece—"We believe". That article examined the record growth, its component details, and the policy underpinnings of the noteworthy performance.

Economics as a topic seems to require prior knowledge. Are abstract concepts like sub-prime loans in the US affecting our equity market too much for the reporter to understand and communicate? The average reader may not distinguish between purchasing power parity from the purchasing department or a backward-bending supply curve from stationery usage in the office. Media should read up and learn in order to explain.

What is the effect of confining business news to the business section or the specialized business paper? Is it only businessmen who should communicate and understand the dynamics of the economy? Isn't this an invitation to drop the business reporting and consider it a topic for specialists?

Economics affects everyone without exception, including the jeepney driver who understands the record increase in oil prices in terms of his daily take home wage. But what is not explained to him is that this is an external factor and blaming government for this trauma does not need to a coping strategy. The peso appreciation which upsets exporters and recipients of OFW remittances happens also to cushion the impact of record oil prices, expressed in depreciated US dollars.

The equity market more than any other segment of the economy requires an appreciation of economics. And media need to go beyond the rise in the PSE index and look at how much is being raised by IPO's and stocks and why this is flooding the banks with liquidity.

In a morning show where news items are inserted between recipes for coconut milk and the joys of Pilates, a business news item may creep in. In one episode, one of the show's mainstays read the news on a 10% one day increase in the Phisix following the US fed reduction of the discount rate and a local three-day holiday, a phenomenal event which in terms of meteorological news is equivalent to an earthquake scoring 9 in the Richter scale. And yet, the news reader merely shrugged and looked at his co-hosts as if to inquire whether his make-up was still on and just laughed and moved on. (What's it to me?)

Economics is too serious a business to leave to economists. Comprehension of economic laws helps in preventing financial scams, although it seems that greed in this case often trumps knowledge. In his new book, *Age of Turbulence*, Alan Greenspan quotes an investor in the thirties who declared that, “Bulls and bears make money. But pigs are always slaughtered.”

The trend of virtual economics (pretending to know what you are talking about) is widespread. It is evident in the late night television news where the vagaries of the local currency exchange rate and the stock composite index are casually illustrated by one OFW spouse getting fewer pesos. (I used to get more. Now look what I have.) No context is given on the lower cost of foreign debt and fuel in light of the higher peso. The favorite line is, “all this prosperity being heralded has no effect on the poor”, without further explanation or statistics.

Handy phrases and world trends provide grist for the economic poseur’s glib tackling of economic theory. He employs buzz words to explain almost any business event. These handy words, never mind what they mean, are easy to remember—globalization, emerging markets, hedge funds, investor confidence, mining and ecological deterioration, and that old stand-by, widespread poverty. The irritation factor rises when the explanation turns into a long monologue as the virtual economist starts to convince even himself that he understands the concepts he is barely pronouncing correctly.

There was a time when radio commentators were more honest and admitted to being puzzled, even overwhelmed, by economic theory (like when they were in school, before they dropped out). They would explain the rising prices of goods as a manifestation of the greed of rich traders manipulating the market by cornering supply and squeezing the farmer. This is often followed by a racial slur. Economic events were hardly covered, and if they were, explanations for their causes were of the barbershop variety, and leaning towards conspiracy theories. It’s those capitalists getting richer every day.

Maybe it is a healthy development that media is turning more and more to economic experts to explain the country’s economic issues. Still, every economist has an ideological baggage and expertise does not always invite the right questions. Economic literacy seems to be the first step, beginning with the study of the science of allocating scarce resources.

Maybe leading broadsheets should endeavor to feature a business news item in the front page everyday. With a wider readership for economic news and a better appreciation of its impact on the lives of people, probably more than mysterious paper bags and incidents in a golf course, there will be a more intelligent context for current events, including what is important and what is trivial. Housewives (a term of deprecation for certain professional investors) can then rely less on hot tips and more on intelligent economic analysis from media on the risks of the equity market, and the possibility of greater rewards which usually go together.

The rise of the middle class leads to owning a part of the economy, and therefore caring more about economic stability. When business news become part of our morning ritual, we will perhaps gauge our politicians more about how they will handle the economy than how they continually investigate scandals and discourage foreign investments.

It's time to pay attention to economics, rather than unproductive politics.

*Mediaandtheeconomy17Oct'007
(for22Oct'007)*