

The skew toward negative reporting by U.S. news organizations can make it difficult to tell when a story is accurate, or manipulated to promote “viral” readership. Would a return to nonbiased, objective sources and factual reporting help restore the public’s trust in the media?

BIAS IN THE NEWS

Overview

It's not unusual for political news coverage to present with a liberal or conservative bias. However, it wasn't until the media began reporting on the COVID-19 outbreak that news industry analysts began to see a different type of bias: overtly negative.

While scientists researching the virus tend to be more circumspect in their observations, that's not always how the media portrayed their comments. A recent study published by the National Bureau of Economic Research found that while medical researchers may understand fundamental epidemiology, media outlets know how to sell the news.¹

According to the study, negativity sells.

Apparently, as coronavirus cases increased in the U.S., the majority of news coverage focused on that surge. And yet, when the national case count began to drop, news coverage instead focused on hot spots – cities with extreme outbreaks. The same pattern appeared once the vaccine became available. The data became more positive, but the media focused on the negatives – such as side effects and people who refused to get it.

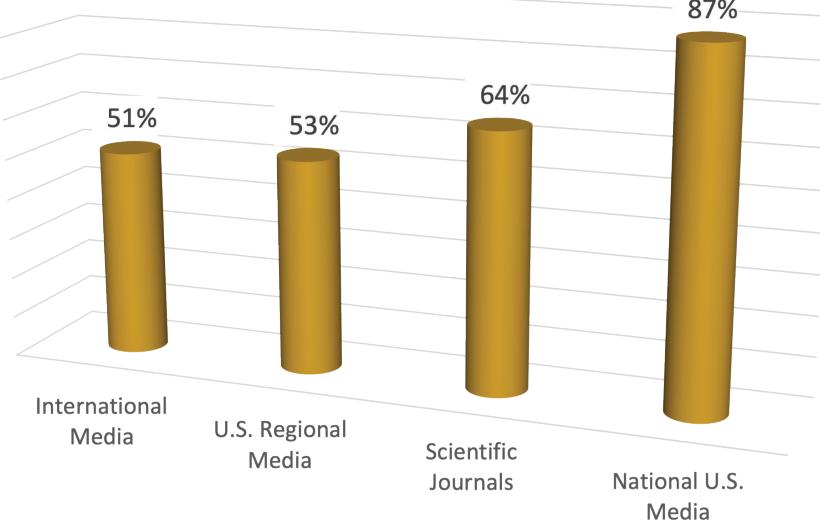
In-depth analysis of this negative bias revealed two more interesting findings. First, the bias was present among both conservative and liberal-leaning news outlets – there was no significant demarcation. Second, this approach to coverage is not global. As it turns out, the U.S. is an outlier when it comes to negative news bias.

One explanation from researchers is that many large, influential media organizations in other countries are supported by government funding. In authoritarian countries, financial backing may overly influence reporting to reflect only what leaders want the public to hear – such as how well the government is managing the country. However, major news outlets in more democratic societies, such as Great Britain's BBC, don't have to "sell" the news. In other words, they can present more objective, factual reporting because they are not reliant on advertiser- or subscriber-based revenues to maintain operations. News outlets that are not concerned with consumer demand are able to be more independent in presenting the stories they choose.

The study found media organizations with a national audience also tend to be more negative compared to channels with a more narrow audience, such as scientific journals, international publications and regional television and news.



2020: Comparison of Negative COVID Coverage by Channel²



Shades of Gray

The detriment of any type of bias in the news media is that it can rob the audience of its ability to apply personal critical-thinking skills. It may not always be evident that there is “shading” that compromises the objective reporting of facts and information. Opinion news shows, op-eds in newspapers and selective reporting that does not provide the entire story can influence readers toward a belief system that may not be based on objective facts.

In the case of COVID-19 reporting, news analysts observed the media is doing a good job of reporting why cases rise in some areas and the shortcomings of vaccines. However, it has been less upfront in its coverage of why cases fall in other areas and the impact vaccines have had on containing the virus and saving lives. In fact, by cherry-picking a negative-based narrative, the vast majority of U.S. media has failed to focus on some of the most critical components of the coronavirus story.

Tell Me What I Want To Hear

News industry analysts say the main factor influencing how news stories are presented is confirmation bias. In other words, the U.S. media is providing consumers with what they want to hear. In studies of the most popular news stories read and shared on social media, negativity wins by a landslide.³ Positive information and warm human-interest stories don't hold a candle to chaos and mayhem.

Because audiences prefer to hear about worst case scenarios, that's what media in the U.S. gives them. It's all about circulation and clicks – because loyal readership increases advertising revenues. If stories with a negative tone increase readership or viewership, then that's the bias an outlet will emphasize in its editorial plan. In other words, instead of the news reflecting objective reporting, it is responding to consumer



demand just like any other retail or wholesale merchant.

The reason national publications tend to be more negative than regional news is likely because they have better data and analysis that instructs them on how to appeal to a wider audience.

There is one other, rather significant reason why the news tends to skew toward the negative rather than the positive. That's because there is a huge public relations industry designed to make celebrities, politicians, companies and business executives look good. They will always focus on the positive. Reporters, on the other hand, view it as their job to peel back that polished veneer. They feel compelled to ask tough questions, expose problems and present the bare – and often ugly – truth to their audience.⁴

In the United States, the media is championed as the “fourth branch of government,” designed to provide checks-and-balance monitoring of the executive, legislative and judicial branches. The First Amendment protects the freedom of the press.

*“Sacerdote is careful to emphasize that he does not think journalists usually report falsehoods. The issue is which facts they emphasize.”*⁵

Study: Moral vs. Journalistic Values

Another study conducted by Media Insight Project, a collective of the American Press Institute (API) and The AP-NORC Center for Public Affairs Research, discovered an individual’s moral values tend to influence the type of bias they seek from the news media.

To conduct the study, researchers identified five core journalism values:

1. Monitor powerful people and public officials
2. Ensure the public has access to vital information, reported within the correct context, to avoid misinterpretation
3. Provide an excess of facts to help establish the truth
4. Amplify marginalized voices
5. Expose problems in order to solve them

The study found a strong correlation between an individual’s moral values and his views toward these core journalism principles. For example, people who value compassion and fairness are more apt to embrace these core journalistic values. Those who value authority and loyalty are more likely to be skeptical of them. Interestingly, value tendencies appear to be consistent regardless of the individual’s age, race/ethnicity, education, gender or political affiliation or ideology.

According to the research, only 11% of the public currently supports all five of these core journalism values. Among these principals, providing facts is the most popular (67%), followed by amplifying marginalized voices (50%).⁶

“Americans’ trust in broadcast media was at its highest during the life of the Fairness Doctrine and has been on the decline since the Fairness Doctrine’s demise. That decline coincides with a quantifiable bias in media, which fuels the



public's distrust of mainstream media.”⁷

The History of News Regulation

Only 9% of Americans say they trust the U.S. media “a great deal,” while 60% have little to no trust at all. Trust in news organizations is at an all-time low.⁸

But that wasn’t always the case. One reason could be because, over time, Congress has passed legislation designed to place guardrails on news media biases. For example, just after World War I, Congress passed the Radio Act of 1927, which required broadcasters to register for a license to validate their mission to serve the public good. Then in 1934, the Federal Communications Act established the Federal Communications Commission (FCC), an independent agency of the federal government authorized to regulate public communications. Initially this included radio and television; today it also includes wire, satellite and cable enterprises.

One of the FCC’s objectives is to ensure the media presents all viewpoints related to critical issues, especially those that encompass contentious and opposing points of view. Post World War II, the FCC published what is known as the “Fairness Doctrine,” designed to promote fairness via objective and non-political coverage of critical events.⁹

Fairness Doctrine: Pros and Cons

With the Fairness Doctrine, it was the FCC’s position that the public had a right to be more broadly informed beyond a subjective broadcaster’s perspective on a topic. The problem the FCC encountered was that some people believed the Fairness Doctrine limited the media’s freedom of speech, running afoul of the Constitution’s First Amendment. It was due to these concerns that the FCC eliminated the Fairness Doctrine in 1985.

However, historical surveys show that the Fairness Doctrine was instrumental in maintaining public trust in the media. Thus, some news analysts recommend restoring it under the FCC’s regulations. This would require today’s news organizations to present contrasting views on controversial topics. It would move media outlets closer to neutral ground, so that no matter which news source people preferred, they would be exposed to both liberal and conservative, and/or positive and negative, narratives on each topic.

In turn, fact-based information presented and interpreted through opposing points of view would enable consumers, investors and voters to conduct their own critical analysis to decide what they think for themselves. By eliminating news delivered to confirm a targeted audience’s bias, the public would receive more balanced reporting across all media sources.



Perhaps even more importantly, reinstating this previous broadcast regulation could help restore the public's trust in the news media. Instead of relying on biased consumer dollars, media companies would have the opportunity to build credibility and viewership based on fair and balanced reporting. Outlets would no longer be permitted to disseminate false information (i.e., fake news), and consumers would not have to discern what news sources are reliable. The only task would be to consider verifiable facts and supporting opinions from various perspectives to help establish one's own point of view.¹⁰

Final Thoughts

It's worth noting that while the media is not widely regulated, the investment industry is. FINRA is the self-regulation entity of the investment industry authorized by Congress to protect America's investors by ensuring broker-dealers operate fairly and honestly.

FINRA's Advertising Regulation Department helps protect investors by reviewing broker-dealer print, website and social media content to ensure that it is fair, balanced and not misleading. What this means is that you can generally depend on your regulated financial advisor for more reliable information than what you read or hear about in the news media.

Make no mistake, you can get lots of great information from the financial news reporting and all over the internet. But consider that as your starting point. To determine if an investment vehicle or strategy you learn about is appropriate for your circumstances, it's important to have an in-depth discussion with a trusted financial professional who understands your particular needs and goals.



¹David Leonhardt. *The New York Times*. March 24, 2021. "Bad News Bias." <https://www.nytimes.com/2021/03/24/briefing/boulder-shooting-george-segal-astrazeneca.html>. Accessed May 24, 2021.

² Ibid.

³ Milos Djordjevic. *Letter.ly*. March 29, 2021. "16 Eye-Opening Negative News Statistics You Need to Know." <https://letter.ly/negative-news-statistics/>. Accessed June 1, 2021.

⁴ David Leonhardt. *The New York Times*. March 24, 2021. "Bad News Bias." <https://www.nytimes.com/2021/03/24/briefing/boulder-shooting-george-segal-astrazeneca.html>. Accessed May 24, 2021.

⁵ Ibid.

⁶ American Press Institute. April 14, 2021. "How we studied moral values to understand trust in the news media." <https://www.americanpressinstitute.org/publications/reports/survey-research/how-we-studied-moral-values/>. Accessed May 24, 2021.

⁷ Ian Klein. *Hastings Communications and Entertainment Law Journal*. Winter 2020. "Enemy of the People: The Ghost of the FCC Fairness Doctrine in the Age of Alternative Facts." https://repository.uchastings.edu/cgi/viewcontent.cgi?article=1809&context=hastings_comm_ent_law_journal#page=20. Accessed May 24, 2021.

⁸ Megan Brenan. *Gallup*. Sept. 30, 2020. "Americans Remain Distrustful of Mass Media." <https://news.gallup.com/poll/321116/americans-remain-distrustful-mass-media.aspx>. Accessed June 1, 2021.

⁹ Megan Russo. *The Regulatory Review*. May 6, 2021. "Restoring Trust in the Media." <https://www.theregreview.org/2021/05/06/russo-restoring-trust-in-media/>. Accessed May 24, 2021.

¹⁰ Ibid.

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