

Media and the Bush Administration: An Analysis of the 2007 Mortgage Crisis

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Abstract

This paper analyses the policy implications of newspaper coverage of the 2007 subprime mortgage crisis. In testimony before the Senate Housing, Banking, and Urban Affairs Committee, Boston Federal Reserve Bank Economist Paul Willen stated that Bush administration policy responses to the mortgage crisis in 2007 were ineffective because they failed to address the true causes of the crisis and instead focused on adjustable rate mortgage (ARM) interest rate resets. He attributed these policy decisions to inaccurate media coverage of the crisis. This paper seeks to quantify Willen's claim. A sample of 190 *New York Times* and *Washington Post* articles from 2007 are coded according to the suggested cause of the crisis. Statistical analysis shows that the percentage of articles blaming ARM resets as the principle cause of increased foreclosure rates is larger than expected and increased before the White House announced its plan to target ARMs. The data are consistent with Willen's claim: The media emphasised ARM resets, and the Bush administration may have been influenced by media coverage.

In December 2007, Treasury Secretary Paulsen announced a plan on behalf of the Bush White House to help struggling homeowners avoid foreclosure. The plan, called the Hope Now Initiative or the Hope Now Alliance, asked mortgage lenders to voluntarily postpone increases in adjustable rate mortgages (ARMs). By most estimates, the plan did little to alleviate the mortgage crisis (Willen, 2009: 3). Meanwhile, news coverage of the crisis throughout 2007 focused largely on ARMs.

Media and politics are intertwined and interdependent. Action in the political arena is covered by the media, and media coverage and analysis shapes political processes and outcomes. Although the reciprocal relationship between the media and politics has been widely studied, few political scientists have examined the role of the media in directly shaping policy (Denton, 1993: xi; Spitzer, 1993: 6). The Hope Now initiative of 2007 provides an interesting case study to examine the role of media coverage shaping policy. This paper will assess the relationship between media coverage of the subprime mortgage crisis and the Bush White House response as well as the possibility that the media influenced the administration.

Literature review, political

The formation and implementation of policy can be viewed as a series of decisions made by key policy actors (Grandy, 1982: 19, 36). These actors base decisions on the expected outcomes of various pursuits. Grandy explains:

We may think of decisions as the rational choice between options, based on the expected value to be derived from the pursuit of one option rather than another. The expected value is estimated on the basis of information available to the DM [decision maker]. That information may be available instantly from the DM's memory, or it may be available through some process of search involving the expenditure of time or economic resources (1982: 20–21).

It follows logically that some of the information used by policy actors to make decisions comes, at least in part, from the media. 'To simply observe that reporting has an impact on policy is to state the obvious, because the very act of reporting implicate the media in the process, regardless or how or even whether it occurs (Spitzer, 1993: 8).' Douglass Cater labeled this phenomenon 'the conforming influence of publicity upon policy.' To Cater the reporter's influence on policy was obvious. 'He [the reporter] can illuminate policy and notably assist in giving it sharpness and clarity; just as easily, he can prematurely expose policy and, as with an undeveloped film, cause its destruction (1959, cited in Spitzer, 1993: 2).'

Early media research (K. and G. Lang, 1971; McCombs and Shaw, 1972; and Berelson, Lazarsfeld, and McPhee, 1971; cited in Gandy, 1982:5) focused on the agenda setting power of the mass media¹. 'They argued that the mass media

¹ A comprehensive review of agenda setting and related studies is published in D. Shaw, and M. McCombs (Eds.). 1977. "The Emergence of American Political Issues: The Agenda setting Function of the Press." St. Paul, Minnesota: West Publishing.

structured a reality which was so pervasive and so obtrusive that it was difficult, if not impossible, to escape its influence (Grandy, 1982: 5).’ The research that followed reigned in the impact of agenda setting, but did not discount the media’s role in shaping decisions entirely. Graber describes this role:

While media images are not precise blueprints for the public’s thinking about many political and social issues, media images do, to use Steve Barkin’s (1985: 187) picturesque phrase, ‘present a first draft of reality, which audiences then edit, revise, and reformulate to fit into the thinking structures of individual audience members... Journalists thus play a very active part in providing the raw materials and the tools for creating and sustaining cognitive, emotional, and moral beliefs that undergird our society’s political structures and policies (Graber, 1993: 21–22).’

Literature review, financial

Economic literature about the subprime mortgage crisis offers a broad analysis of both the causes and the consequences of rising foreclosure rates. Little literature, however, exists about media coverage of the recent mortgage crisis. Articles that have been published criticise the media for inadequately covering and predicting the macroeconomic implications of rising subprime foreclosures.

Martha Hamilton analysed financial news media coverage of the conditions leading up to the 2007–2008 crisis. Hamilton concluded that journalists could have done a better job anticipating the recession. She suggested guidelines to help the media notice and predict future crises: journalists should pay more attention to credit and derivative markets, depend less on self-interested experts, and strive to better understand complicated new industries (2009). Jonah Bloom also analysed news coverage of the financial crisis. Bloom criticised the media for ignoring important economic issues that led up to the crisis. He concluded

that the media focus too much on personalities and trivia rather than serious subjects (2008).

Dean Starkman added an additional layer to the analysis of Hamilton and Bloom by discussing the correlation of 'good business journalism' and 'good financial regulation.' Starkman concluded that failure of business journalism lead to failure in regulation. He analysed news articles leading up to the crisis and found some reporting on predatory lending that warned Americans about dangers in the subprime market. He found coverage of predatory lending declined as the crisis approached (2009: 22-30). He concludes that the media did not do enough to prevent the economic meltdown. Ben Steverman analysed the relationship between media coverage and financial markets, looking specifically at the 2008 crisis. Steverman concluded that twenty-four hour coverage of financial markets was damaging to financial stability (2008). Starkman and Steverman both hint at the broader consequences of media coverage of the financial crisis, yet neither directly analyses the relationship between media coverage and policy responses.

Hamilton (2009), Bloom (2008), Strakman (2009), and Seteverman (2008) advance normative theories about financial news, but fail to link coverage of the 2007 crisis into the broader media and politics literature. I draw on the agenda setting and rational choice theories to hypothesise that media coverage of the subprime mortgage crisis focused predominately on ARMs that (may have) influenced the Bush administration's decision to tailor the Hope Now Initiative to aid borrowers with ARMs.

Before discussing the details of the study used to test this hypothesis, it is useful to review the relevant political and economic forces that set the stage for the Hope Now Initiative.

Brief economic education

Mortgage delinquencies and foreclosures began to rise in 2006 and continued to climb throughout 2007. Delinquencies rose to 2.42 per cent of all loans in the first quarter of 2007, the highest rate since 2001. The corresponding foreclosure rate was the highest since 1979 (Nell, 2009). The increase in foreclosures came predominately from subprime loans. The average foreclosure rate for subprime loans from January 2006 to July 2007 was 4.35 per cent. The foreclosure rate for prime loans over the same period was only 0.48 per cent (Getter, 2008: 1). (See figure 1).²

² Federal Housing Administration loans are insured against default by the FHA.

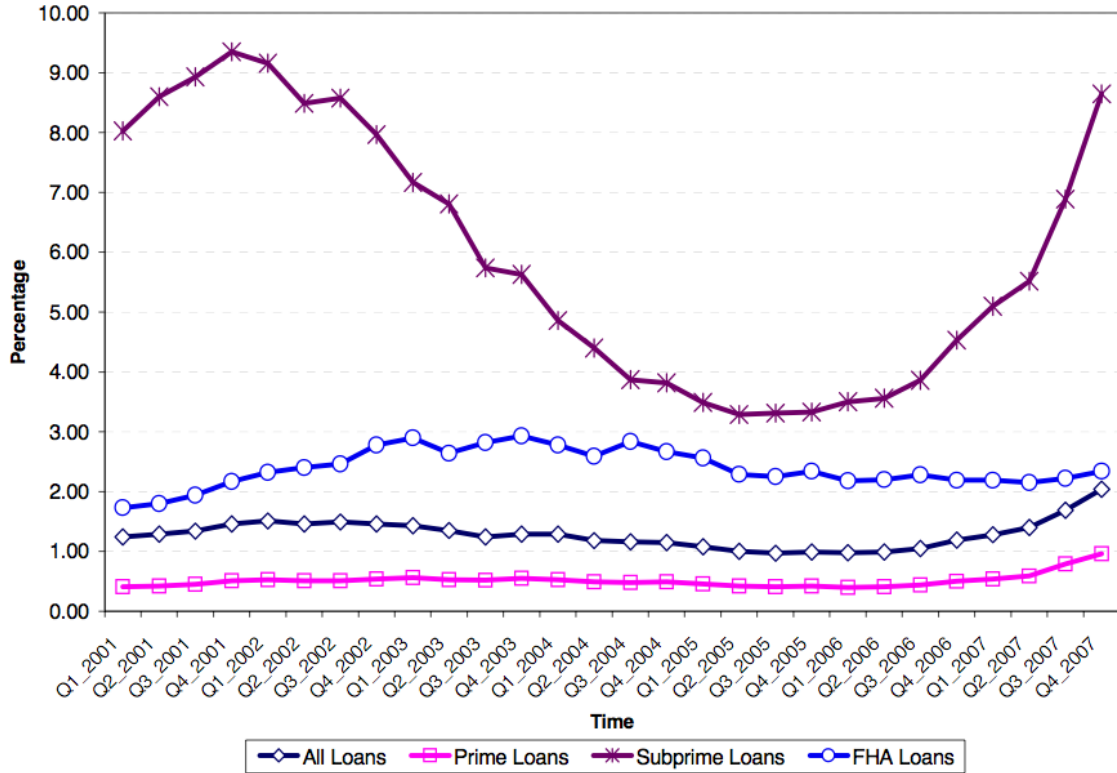


Figure 1 Aggregate foreclosure rates in the US, by loan type

The subprime mortgage market can be defined either by the type of borrowers that seek subprime loans, or by the characteristics of the loans. Subprime borrowers generally have poor or blemished credit. Subprime loans often require a smaller down payment than traditional loans, resulting in a higher loan to value ratio. Subprime loans require little documentation, in many cases allowing borrowers to state their income without any verification. Subprime loans have higher fees and higher interest rates than traditional prime loans to compensate for the higher risk associated with lower underwriting standards. Subprime loans typically involve creative loan structures such as adjustable interest rates or option only interest payments (Foote, et al, 2008: 4).

Increasing delinquency and foreclosure rates in the subprime market triggered disturbances throughout the international financial system. Mortgages, both prime and subprime, are not typically held by the issuing financial institution but are sold to larger commercial banks. The commercial banks group the mortgages together and issue debt called mortgage-backed securities corresponding to the grouped mortgages in a process called securitisation. Commercial banks' ability to pay interest on mortgage-backed securities depends on the performance of the underlying bundle of mortgages. As foreclosures and defaults rose in 2007, the value of mortgage-backed securities fell as commercial banks were not able to make interest payments on the debt. Many prominent commercial banks became insolvent as a result of holding large portfolios of mortgaged-backed securities. Increasing defaults and foreclosures also dampened the new housing market, slowing economic growth in 2007 and 2008 (Weiss, 2008: 3; Jickling, 2009: 4–9).

Economists, government officials, and the media suggested several causes for the rise in subprime foreclosure rates and the corresponding economic meltdown. Some focused on the risky nature of subprime loans, some focused on falling home prices and home equity depreciation, some focused on traumatising economic life-events such as job loss or divorce, some focused on predatory lending practices of mortgage brokers, and still others focused on reset of the interest rate in adjustable rate mortgages (ARMs).

The Bush administration responded to the subprime mortgage crisis late in August of 2007 by announcing a plan to help Americans meet the rising cost of

housing loans by delaying ARM interest rate resets (Neil and ElBoghdady, 2007). The Hope Now Initiative was unveiled in full 1 December 2007 and took effect December 5. The plan had little effect on the crisis and foreclosures continued to rise throughout 2008 (Edmund, 2007).

Willen testimony

On 16 July 2009, Paul S. Willen, Senior Economic and Policy Advisor of the Federal Reserve Bank of Boston testified before the Senate Banking, Housing, and Urban Affairs Committee. Willen discussed the causes of the foreclosure crisis and the effectiveness of government policy responses. He explained that an over-emphasis of ARM resets and a lack of focus on declining home prices and life-events such as job loss led to ineffective policies. He said, 'I would respectfully submit that policies that ignore these facts—however well intentioned—will address some smaller problems while regrettably ignoring much more serious ones (2009: 3).' Willen's written testimony included research published by the Boston Federal Reserve Bank that suggests ARM resets had little do with the mortgage crisis.

The typical criticism of these mortgages is as follows: hybrid ARMs offer borrowers extremely low fixed interest rates during an initial "teaser" period, but then the rate "explodes" to something much higher a few years after origination. Lenders find such loans attractive because of the high post-reset interest rates. Borrowers find them attractive because of the low teaser rates, but later regret their decisions when they find themselves paying high interest rates and thus higher mortgage payments. Finally, the subprime mortgage crisis emerged when a large number of ARM rates reset and previously solvent borrowers found themselves facing unaffordable monthly payments. We will illustrate that virtually everything about the above story is wrong (Foote, et al, 2008: 2).

Willen further states that this incorrect theory was told ‘innumerable times in the media.’ He specifically references an article by Gretchen Morgenson that appeared in the New York Times on 8 April 2007. She said, ‘Especially ingenious—for lenders, at least—were so-called exploding A.R.M.’s that lured borrowers with unusually low teaser rates that then reset skyward two or three years later (typically pegged to the London Interbank Offered Rate, plus six percentage points).’

Study design

I test Willen’s claim that the media told ‘innumerable’ stories about ARM resets. I also analyse the timing and nature of the response of the Bush administration. I hypothesise that the media focused predominately on ARM resets in 2007 and this focus led the Bush administration to tailor relief efforts towards averting or delaying interest rate resets. I predict newspaper stories covering the mortgage crisis will attribute the cause of the crisis to ARMs statistically more than other causes. I also believe the proportion of stories focusing on ARM resets will increase or spike sometime in 2007 before the Bush administration announces the Hope Now Initiative. If my hypothesis is incorrect, we should either see an increase in ARM stories after the administration announced their plan suggesting the media followed the administration, or low numbers of ARM stories suggesting the media did not focus on ARMs. Although the statistics employed in this paper will not test for causality directly, the descriptive details provided suggest the causal link is at least plausible.

To test my hypothesis I gathered newspaper articles from the *New York Times* and *Washington Post*. I searched the *Times* archives directly and searched for *Post* articles using Lexis Nexis.³ I did not want to bias my results by searching for narrow phrases such as “adjustable rate mortgages.” Instead, I cast a wide net by searching for articles containing the two words “mortgage” and “crisis” between 1 January 2007 and 5 December 2007. The *Times* found 419 articles containing the words “mortgage” and “crisis.” The *Post* only retrieved sixty-two. Many relevant articles about the mortgage crisis did not include the phrase “mortgage crisis” but still offered details about rising foreclosures. These articles were not included in my original search. I expanded my search by looking for articles containing the word “foreclosure.” The *Times* archives found 242 articles, and a Lexis Nexis search of the *Post* retrieved 428 stories.

My search terms were broad enough that a large number of the articles returned were not relevant to my study. Many potentially relevant articles did not suggest a cause for the crisis, but simply reported the increasing rate of foreclosures. I did not include these descriptive articles in my study⁴. A small number of articles blamed rising foreclosure rates on the mere existence of subprime loans. I chose to disregard these articles because they did not truly assign blame, but merely

³ Lexis Nexis allow users to search *Washington Post* articles exclusively.

⁴ It is likely that these articles increased the salience of foreclosures and the mortgage crisis more generally. However, since these articles did not explain why these phenomena were occurring, it is unlikely that they directly influenced policy. Additionally, the descriptive details provided by these articles were not different than the descriptions provided in the analytical articles that suggested causality. Thus, excluding these articles from my study should not affect the results of my study.

restated the fact that the mortgage crisis was more pronounced within the subprime market. In total, I found 190 relevant articles⁵.

I coded each newspaper article according to the crisis explanation offered. I had no pre-assigned categories; I added categories as articles suggested new reasons for the crisis. 184 of the articles suggested one or more of the following reasons: ARM resets, negative economic life events such as job loss or divorce, predatory lending, low lending standards in the subprime mortgage market, and falling home prices. I lumped the remaining six articles into a miscellaneous category. If an article assigned blame to multiple factors, I coded the article for each of the suggested reasons. Twenty-seven articles suggested two reasons and eight articles suggested three, giving me a total of 225 mentions of reasons for the crisis⁶.

Results

50.22 per cent of the articles coded attribute the cause of the mortgage crisis to ARM interest rate resets. 4.89 per cent blamed economic life events. 17.78 per cent suggest predatory lending as the main cause of the crisis. 14.22 per cent claim low lending standards led to increased foreclosures. 10.22 per cent assign blame to falling home prices, and the remaining 2.67 per cent cite other reasons. Willen is correct to suggest that the media focused disproportionately on ARMs. Indeed, more than half of the articles that name a cause of the subprime mortgage crisis blame the reset of ARM interest rates.

⁵ See Appendix 1 for complete list of news stories included in this study.

⁶ Throughout the paper I will use the term “newspaper article” or just “article” to refer to a specific reason for foreclosure within any given article. I analyse the data as if 225 separate articles had been written.

Month-by-month analysis

Dividing the data into sections by month allows comparison between the percentage of articles relating to the five main topics each month and the mean, or total average referring to each topic. Month-by-month analysis shows an overall upward trend in the percentage of articles relating to ARM resets. The coverage spikes in March, July, October, and November, reaching its highest point in October. (See figure 2.)

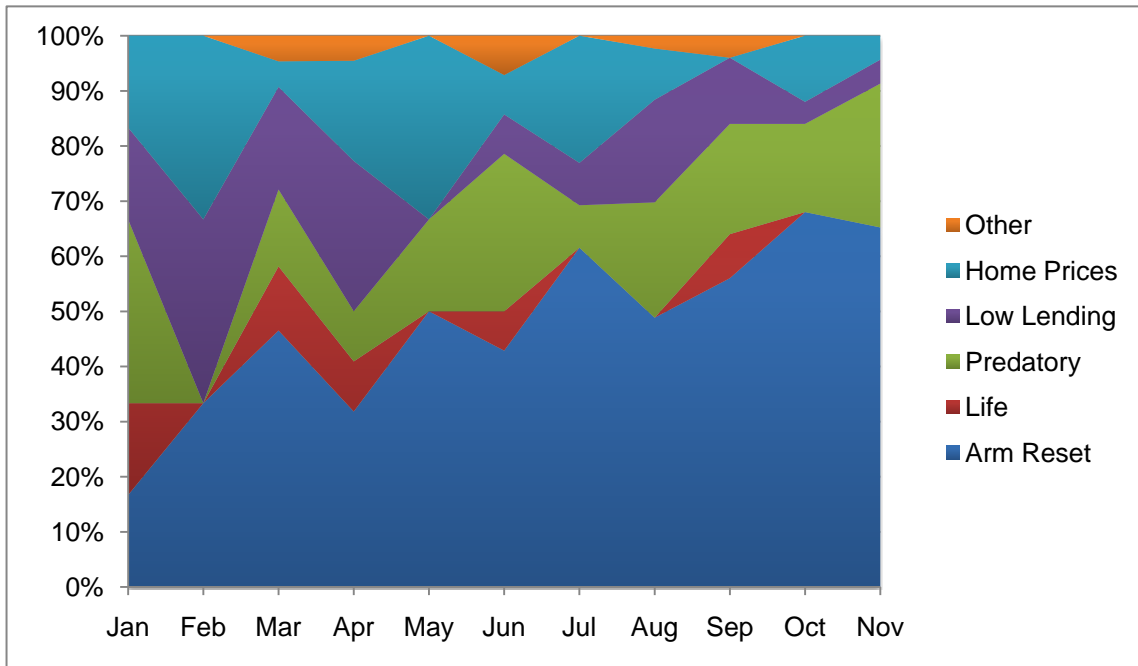


Figure 2 Monthly news coverage of the crisis

The *chi square* test in statics compares observed results, or actual percentage of stories, with expected results, such as the average percentage of stories associated with each topic. I compared each month with the expected mean percentages. None of the months are statistically different than the mean at a 95 per cent confidence level. However, at a 92 per cent confidence level three

months are different from the mean: January, April, and October. November is statistically different at a confidence level of 85 per cent. (January and February lacked a sufficient number of articles to analyse them alone. I combine the two months for my analysis. I also combined May, June, and July into one group.) January and April are both contain less ARM articles than the mean. The apparent increase in ARM articles in March is significant because it is surrounded by months that had less ARM articles. In addition, the increase in July (the group May–July) is a significant change from April. In other words, the July group has statistically more articles about ARMs than April. October and November both contained statically more ARM articles than the mean. (See figures 3–6).

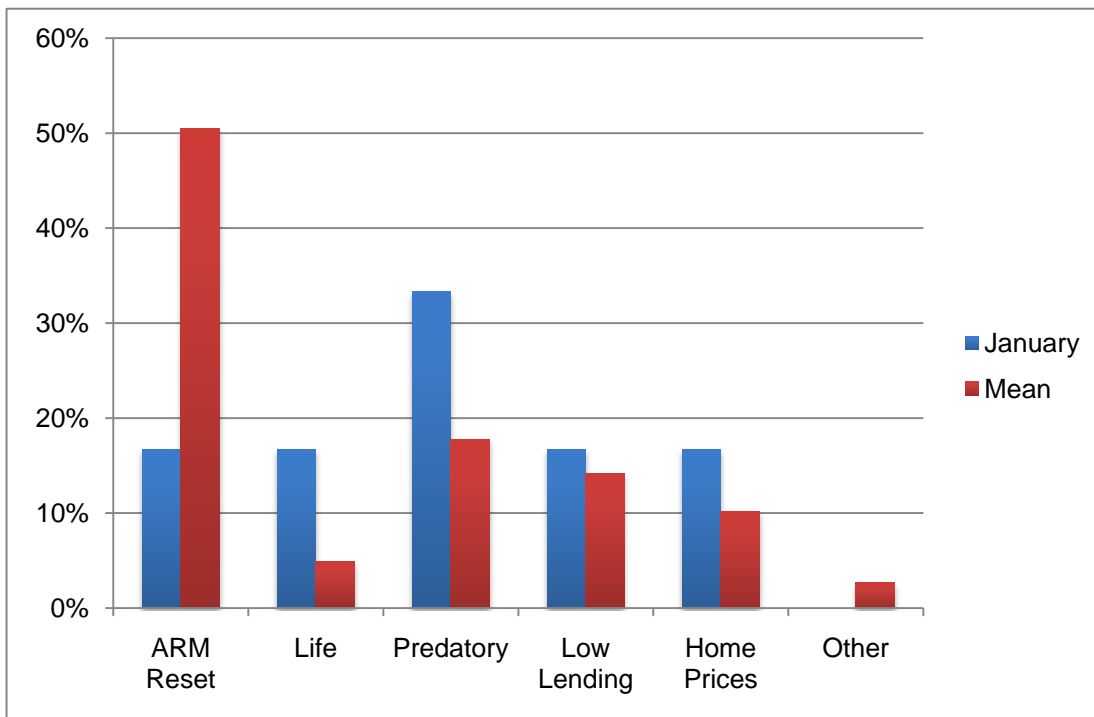


Figure 3 Percentage of articles by category, Jan 2007 and mean 2007

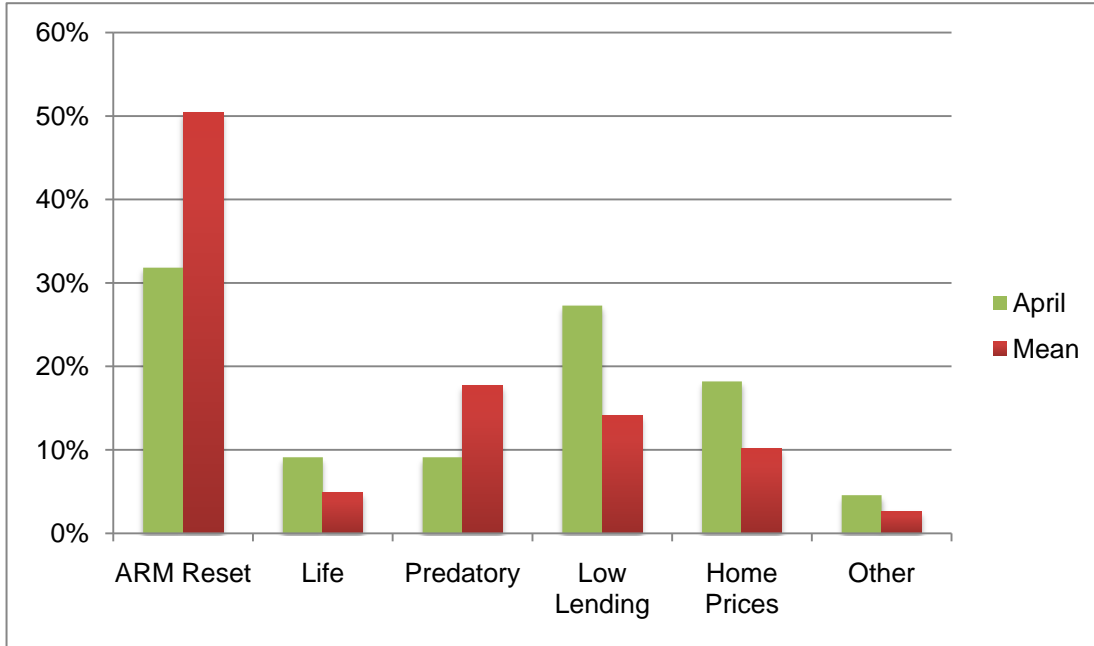


Figure 4 Percentage of articles by category, Apr 2007 and mean 2007

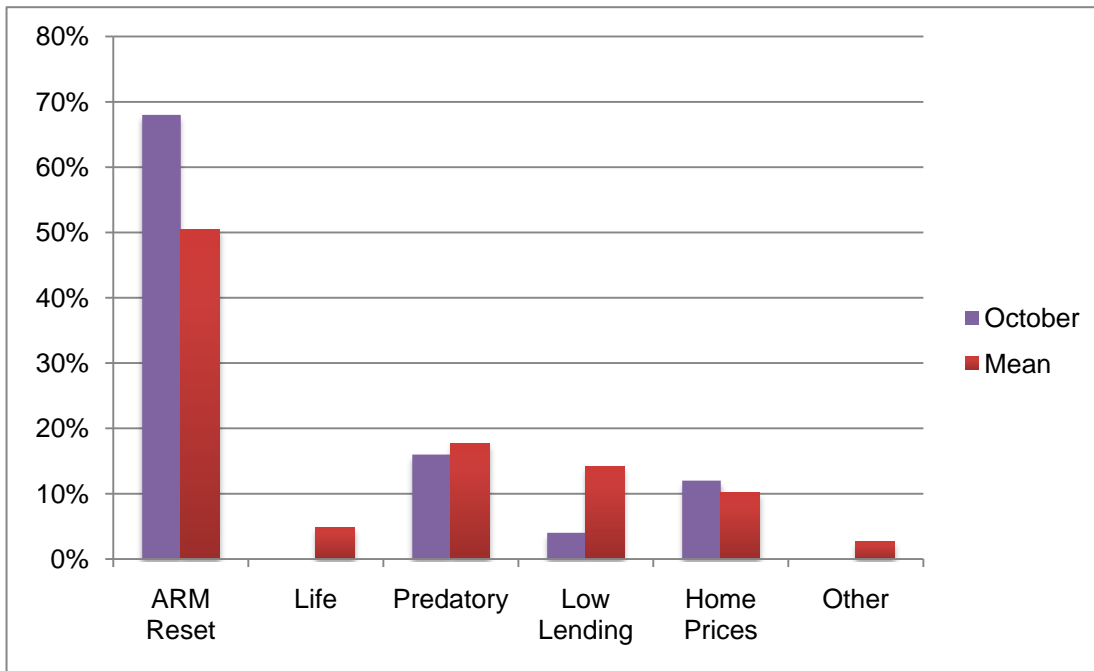


Figure 5 Percentage of articles by category, Oct 2007 and mean 2007

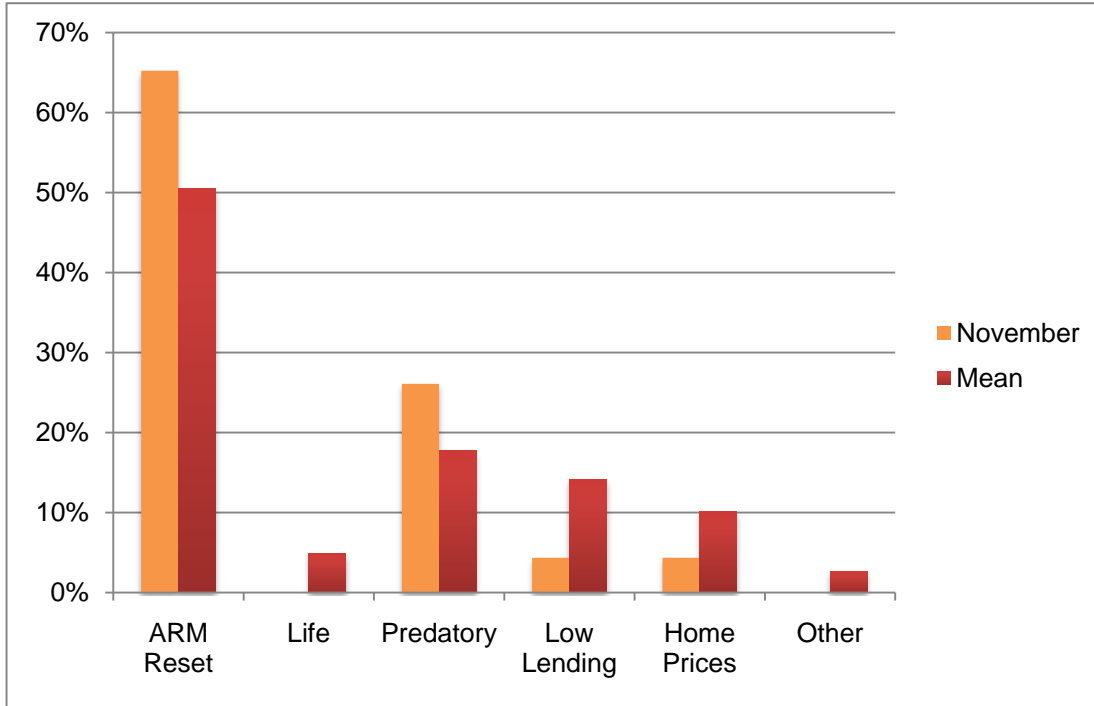


Figure 6 Percentage of articles by category, Nov 2007 and mean 2007

The data are consistent with the hypothesis; the media focused more on ARMs than any other potential cause of the financial crisis. In addition, the level of coverage increased in March and July before the White House announced the Hope Now Initiative (Aug 31). The media were not focusing on ARMs simply because the White House focused on ARM resets. In fact, the media focus predates the White House efforts. It is plausible that the Bush Administration was influenced by the media emphasis on ARMs.

Alternative division of articles

A month is an arbitrary division of time that has little direct influence media coverage. Many months in this survey lack a sufficient number of articles to run detailed statistical analysis. Even when I combined months with fewer articles I was not able to create consistent bundles of articles. In my analysis of smaller

months I was only able to compare the percentage of ARM articles against all other combined.⁷ I wanted to be able to accurately compare each category of articles against the average percentage of articles associated with each of the five main topics. I divided the 225 observed reasons for foreclosure into five chronological groups of forty-five. This allowed me compared observed results with expected mean results in all five categories. I divided my groups between March 27 and 28, June 27 and 28, August 21 and 22, and Oct 7 and 8. The five-group comparison is similar to the month-by-month comparison with obvious smoothing due to the aggregation of data. The percentage of articles focusing on ARM is lowest between March 28 and June 27. The subsequent three blocks of time show a steady increase in the proportion of ARM articles. (See figure 7.) The life-events category experienced the greatest fluctuation after ARM resets, changing from a high of 13.6 per cent of articles in the March–June block and dropping to zero per cent in the fifth time block. Discussion of home prices followed a similar pattern, spiking in March–June at 13.6 per cent and falling afterwards. It seems coverage switched from life-events and falling home prices to focus ARM resets.

⁷ For the *chi square* test to work the expected value for each category must equal at least 5. Smaller months did not predict a frequency of 5 for many categories, so I simply combined categories. ARM was always large enough to be compared alone.

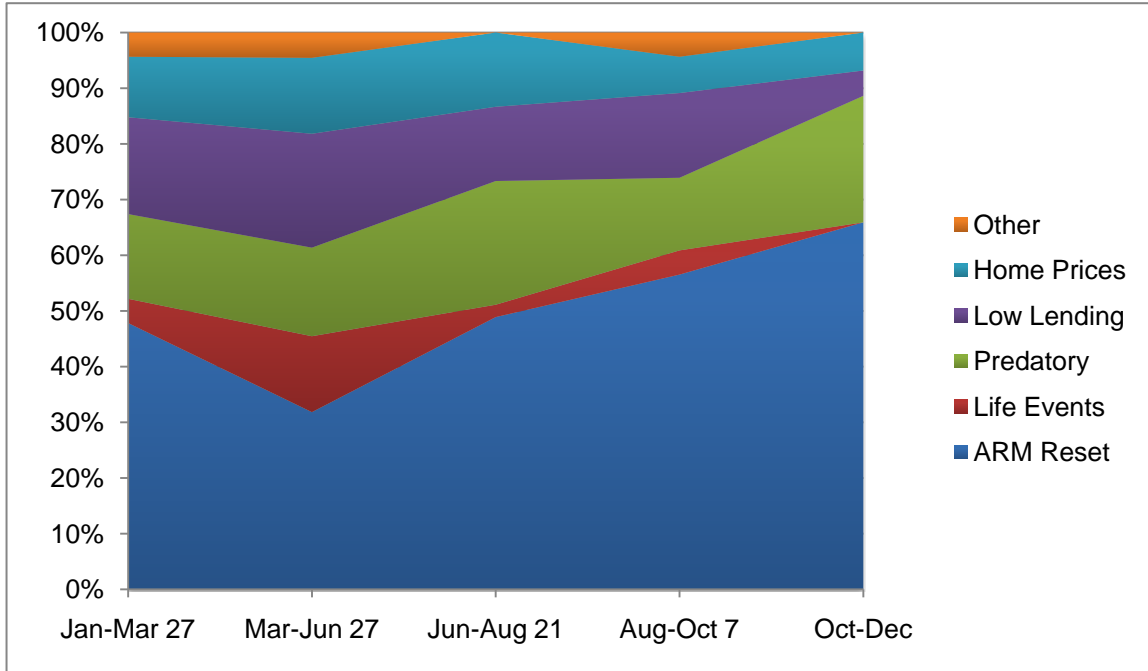


Figure 7 Coverage of crisis divided into 5 equal blocks

Political articles

Politicians began talking about subprime housing market as early as January of 2007. The Washington Post reported January 27 that Representative Barney Frank, chairman of the House Financial Services Committee ‘made it clear that a top priority this year will be enacting a nationwide lending-standards law designed to protect consumers from deceptive, unfair and predatory mortgage practices (Kenneth, 2007).’ Four articles in March also focused on opinions of key policy makers in Washington. The number of political articles reaches a high in August with eleven articles referring directly to members of congress, presidential candidates, or the White House directly. An equal number of articles in September also refer to politicians; four of the articles reference President

Bush or the White House plan. In total, fifty-one of the 225 explanations given for rising foreclosure rates deal directly with politicians.

It is possible that the media followed political leaders when deciding what issues to cover. Media emphasis of ARM resets could be a manifestation of political emphasis on ARMs. The White House focus on interest rate resets may be a result of Congressional hearings and political debates more than as a result of media influence. The reverse could also be true; media emphasis on ARM resets could have led politicians to talk about ARMs, which in turn influenced the White House. Causality is difficult to identify in this study.

In an attempt to test political influence I grouped the fifty-one political explanations together and compared the block to the average proportions associated with each explanation. Political articles focused proportionally more on ARM resets and predatory lending. Political explanations completely ignore life events and falling home prices. The differences manifest in political articles are statistically significant at a 98 per cent confidence level. (See figure 8.) I grouped the remaining articles into four groups and compared each with the mean values. Non-political articles in the second time block, March 29–June 30, focused statistically less on ARMs than the mean. (See figure 9.) The remaining three blocks are not statistically variant from the mean. These results are consistent with month-by-month and previous time-block analysis. Even when political articles are removed, news coverage of the mortgage crisis focused more on ARMs in early March and from July until the end of the year.

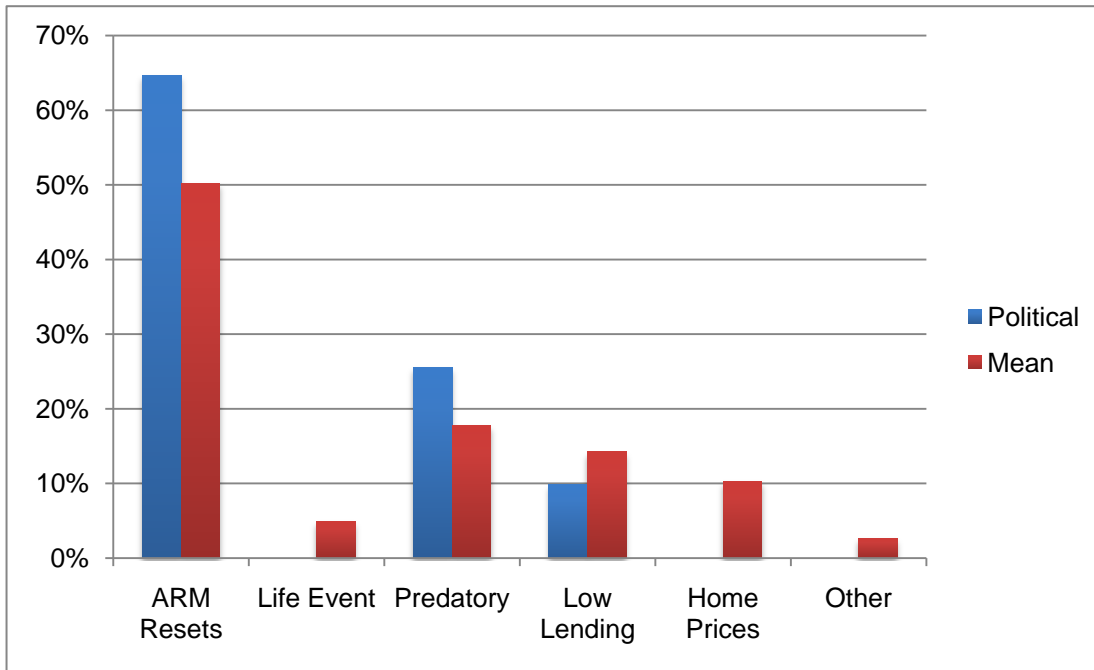


Figure 8 Percentage of articles by category, political and mean 2007

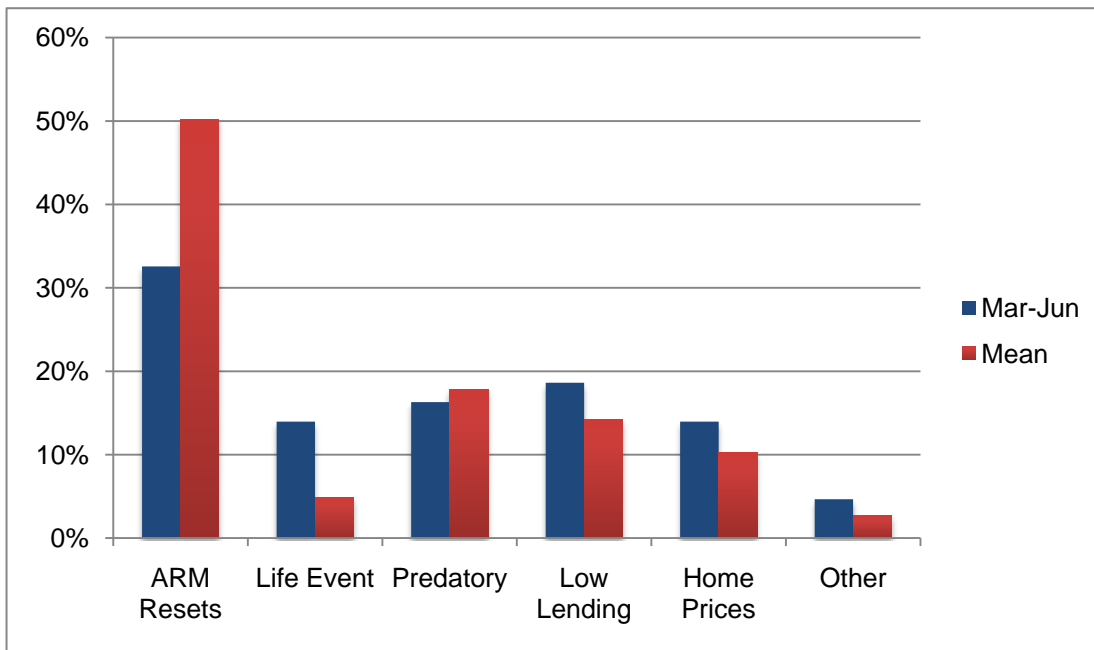


Figure 9 Percentage of articles by category, 2nd quarter non-political articles and 2007 mean

It is difficult to control for the influence of political articles in the shaping of future articles. It is interesting to note that the directly political articles focused more

attention on ARM resets and predatory lending than any of the four non-political groups. (See figures 10 and 11.) It is likely that journalists were influenced by the opinions and statements of political leaders early in the coverage of the mortgage crisis. There are not enough early political articles to evaluate their impact individually, but political articles as a whole increased coverage of ARM resets.

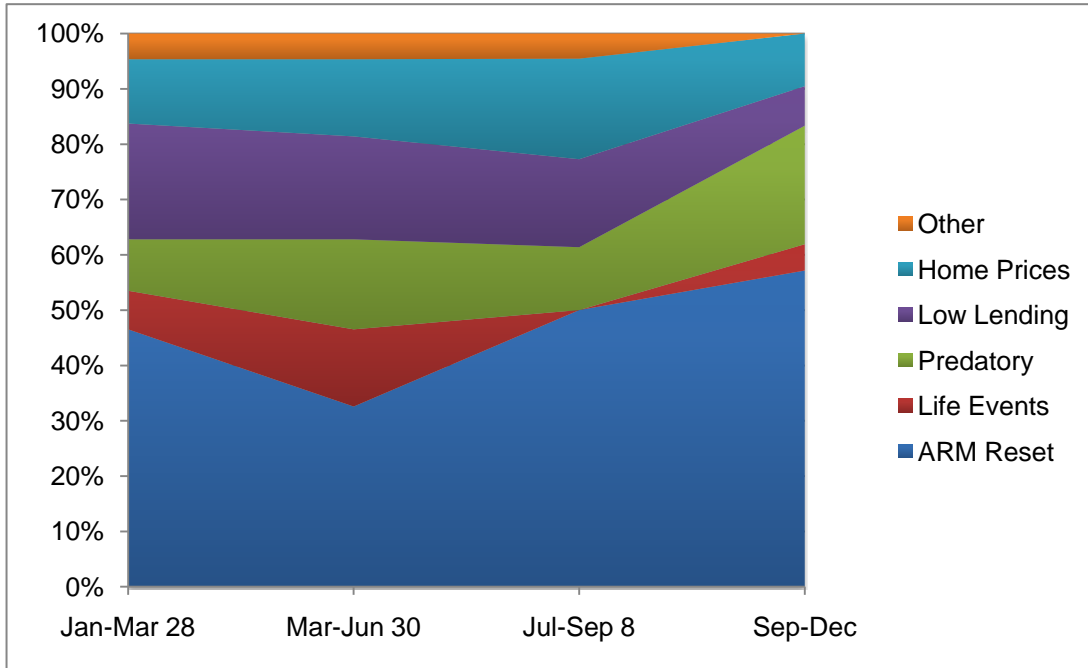


Figure 10 Coverage of crisis in non-political articles 2007

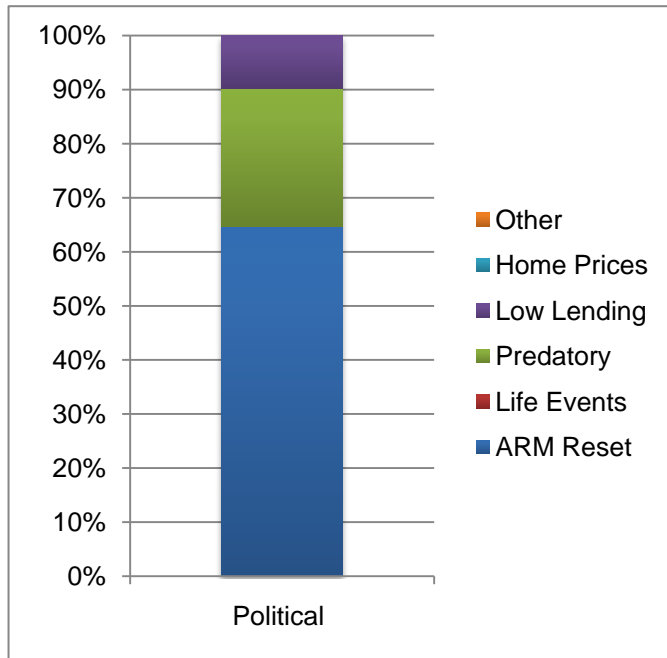


Figure 11 Coverage of crisis in political articles 2007

Newspapers

Willen and the economists at the Boston Fed single out Gretchen Morgenson of the *New York Times* as the example of media emphasis on ARMs. It is possible that all NYT coverage of the crisis placed disproportionate emphasis on ARM resets. I combined all the NYT articles and compared them to the mean values associated with each category to see if coverage was noticeably biased. I also compared *Washington Post* articles to the mean to check for variance. Neither newspaper is statistically different from the mean. (See figure 12.) This does not mean that coverage in the *Times* and the *Post* is not biased, it simply means coverage in each paper is statistically similar. It is entirely possible that news coverage in other major newspaper focused on different issues. Additional data would need to be gathered to accurately conclude the NYT is or is not biased in its coverage.

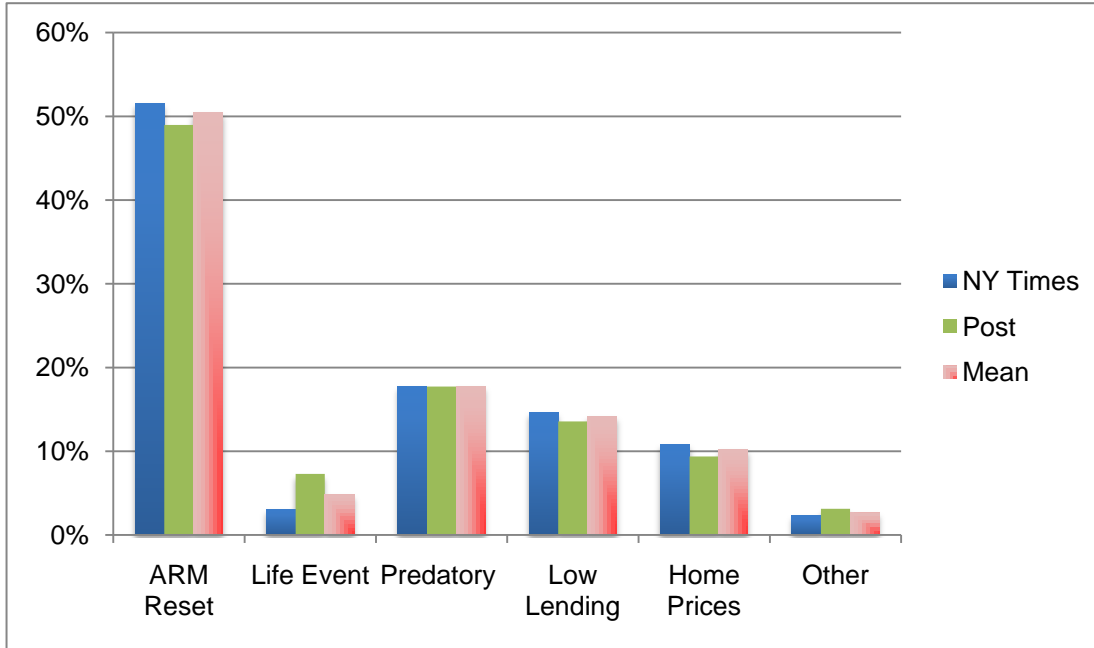


Figure 12 Percentage of articles by category from the New York Times, the Washington Post, and their mean 2007

Journalists

The data is not sufficient to conclude anything about either newspaper; however, the sample is large enough to test a handful of specific journalists against the mean. It is possible that specific journalists focused predominately on ARM and neglected other possible explanations. Five of the journalists sampled have a sufficient number of articles to run statistical analysis: Dina EIBoghdady and Kenneth R. Harney of the *Post* and Edmund L. Andrews, Gretchen Morgenson, and Vikas Bajaj of the *Times*. I compared each group of articles to the mean value associated with each topic. None of the journalists varies statistically from the average. (See figure 13.) The emphasis on ARMs cannot be pegged to one journalist, but seems to be a common idea appearing in around half of articles published regardless of author

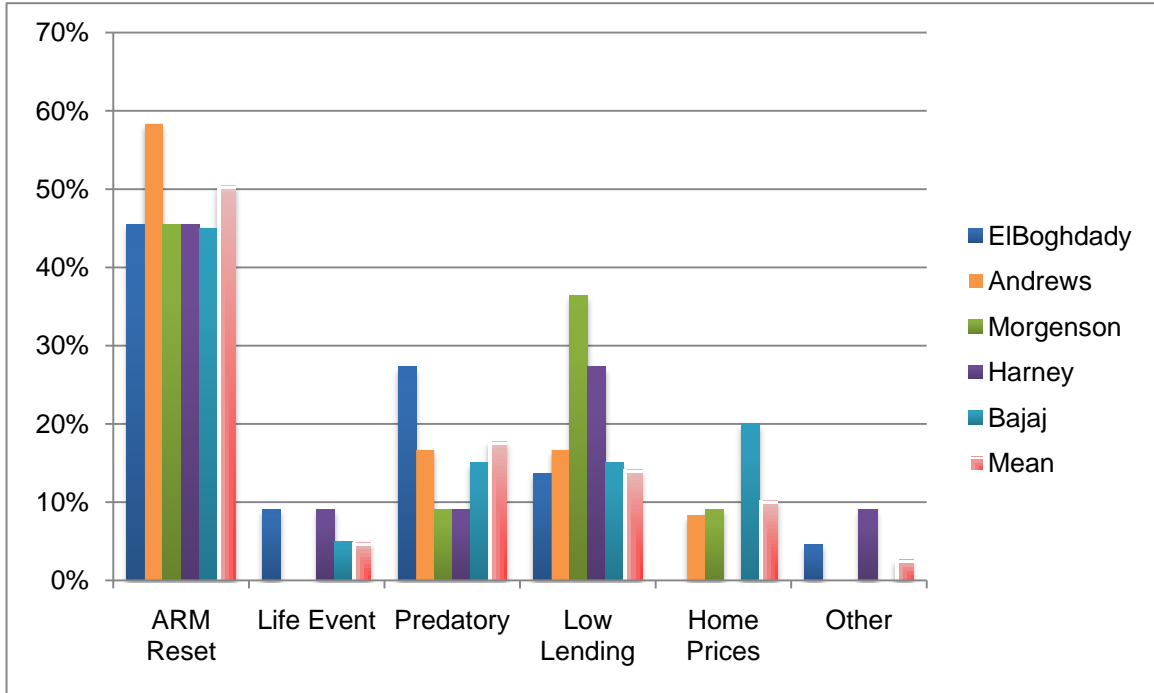


Figure 13 Percentage of articles by category from various journalists in 2007

Article type

While specific journalists do not appear to bias the survey, it is possible that specific kinds of articles focus ARM resets than other kinds. Perhaps there is a statistical difference between editorial news pieces and financial articles. To test this theory I combined Business articles from the *Times* and Financial articles from the *Post* into one group. I similarly combined US articles from the *Times* and Section-A articles from the *Post*, Opinion and Editorial pieces from both papers, and Real Estate articles from both papers into groups.⁸ I tested the percentage of articles relating to each topic of each group against the mean values. Each group is statistically similar to the mean. There is no significant variation between article type. It does not appear that article type influenced reporting. Opinion and

⁸ 14 articles did not fit into these large categories. I did not include them in article type analysis.

Editorial articles may appear to be different; however, this difference is not statistically significant. Reporting across all sections of the newspaper was equally focused on ARM resets. (See Figure 14.)

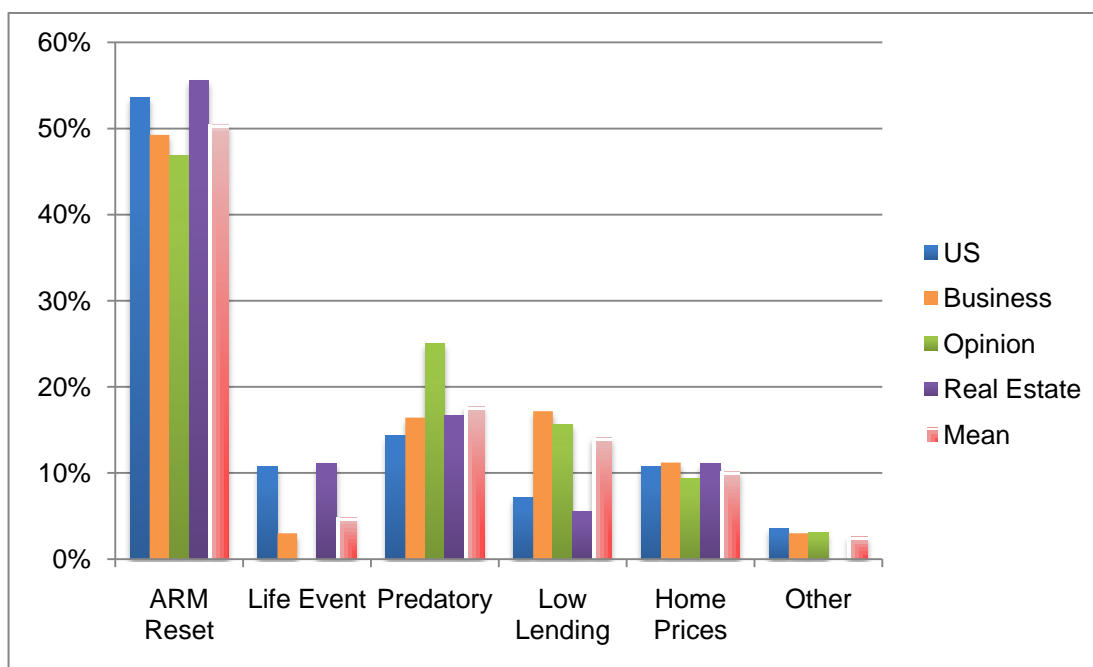


Figure 14 Percentage of articles by category from various sections of the newspaper in 2007

Conclusions and implications

The data confirm the original hypothesis: the media focused predominately on ARM resets in 2007 and this focus could have led the Bush administration to tailor relief efforts towards averting or delaying interest rate resets. Month-by-month analysis of the data, as well as forty-five article blocks of time, shows an increase in ARM articles well before the White House announced its plan to help struggling homeowners. While it is impossible for this study to show causality, it is at least plausible that the Bush administration was influenced by the media's focus on ARMs. Specific newspapers, journalists, or article types do not appear

to bias the data. Observed differences are independent of the writer, paper, or section.

Political articles do focus statistically more on ARMs and predatory lending. It is possible the opinions of leading politicians such as Representative Frank, Senator Dodd, presidential hopeful Clinton, and Federal Reserve Chairman Bernanke shaped the opinions and reporting of journalists. However, the reverse is also possible. Political leaders may have been encouraged to focus on certain aspects of the mortgage crisis by the media. The data merely confirm that newspaper articles that specifically mention politicians⁹ are more likely to focus on ARMs. It is likely that the Bush administration policy was shaped by the opinions of these political leaders as well as by media coverage of the mortgage crisis.

This study offers insight into the study of media more broadly. First, the media and leading economists do not agree on causes of the mortgage crisis. One possible explanation for this difference is economists' emphasis on data and mathematical methods. Professional economists potentially have access to more data than journalists and are better equipped to analyse that data. Economists also do not face an immediate deadline. They have the freedom to gather and crunch numbers for months before publishing a detailed paper. Journalists are forced to respond more quickly.

⁹ I only included articles that mention a politician and report the political leaders views on the mortgage crisis. A negligible amount of articles mentioned politicians in passing, but did appear to voice their position on the cause of foreclosure.

Second, journalists may be subject to a bandwagon effect during a financial crisis. The inner-workings of the economy are complicated and confusing. It is possible that journalists take cues from each other when deciding what is the cause of financial upheaval. Many journalists may have focused on ARMs simply because other journalists focused on ARMs. It is possible that similar grouping, or following the leader, has occurred in other times of economic crisis. It is also likely that future economic problems will be subject to the same problem.

Lastly, media errors may lead to poor policy decisions. Dean Starkman suggests such a relationship in his paper (2009: 25). He believes poor quality financial reporting leads to poor quality financial regulations. While he does not address policy specifically, he hints that the crisis could have been avoided, or at least tempered, had the media warned about the risks developing in the financial sector. The standards he uses to evaluate media stories is starkly contrasted with my standard comparing articles to opinions of Federal Reserve Economists, yet our conclusions are surprisingly similar. We both find media shape political (or regulatory) outcomes. This relationship likely holds for other types of reporting. If political leaders look to the media for information, any bias or error in reporting would lead to a comparable bias in policy.

Areas of future research

This survey only begins to scratch the surface of the relationship between media coverage and policy. Even in the specific area of media coverage of mortgage crisis and Bush administration foreclosure policy this survey leaves room for future research. One shortcoming of this survey is the fact it only includes two

newspapers. Future studies could seek to incorporate other major newspapers to more accurately establish what the media was saying during the crisis

Additional data could also be gathered from non-print media sources. It is entirely possible that broadcast journalists told a different story about the mortgage crisis. Broadcast journalists face time restrictions and generally do not go into as much depth as newspaper journalists. It is possible that broadcast journalists were more likely to falsely attribute increases in foreclosure to ARM resets. It is also possible broadcast media was less likely to assign blame because they did not have the ability to add that depth to stories. Further research is needed to justify these claims.

Additional data could also be gathered within the *Times* and *Post* sample. I only coded articles that specifically mentioned a cause for the increase in foreclosures during the 2007 year. The sample could be expanded to include all articles relating to the 2007–2008 financial crisis. Increasing the sample to include these additional articles would allow the researcher to compare foreclosure articles with all articles from the financial crisis to see if a similar tone or theory is present in all articles.

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