

The Top 10 Economic Myths of 2010

Journalists' tall tales included praising GM for 'keeping faith' with taxpayers, comparing soda to cocaine, and attacking the Chamber of Commerce over baseless 'foreign money' claims.

By Julia A. Seymour

Thursday, December 09, 2010 9:28 AM EST

Each year the Business & Media Institute looks back on the year's news and selects the top 10 worst economic myths. Here is our 2010 list:

10. GM Repayment Shows Taxpayer Bailout Worked
9. All the Economy Needs is More Stimulus
8. Soda is Like Cocaine and Ads Cause Obesity
7. Obama the Tax Cutter
6. The Tea Parties are Astroturf, but Green Groups Aren't.
5. Despite Largest Budget in History, Obama is Fiscally Conservative
4. Lack of Press Freedom in Gulf Doesn't Point to Obama
3. Nearly 10 Percent Unemployment Isn't So Bad
2. ClimateGate? What ClimateGate?
1. The Chamber of Commerce is Taking "Secret Foreign Money" for Election

10. ABC's Diane Sawyer and Media Boast about GM Repayment

Media myth: GM's bailout repayment means the taxpayer auto bailout worked.

Like a magician creating an illusion, the news media, Treasury Department and General Motors pulled one over on taxpayers in early 2010, or at least they tried to. The bailed-out auto company issued a highly misleading advertisement claiming, ["We have repaid our government loan, in full with interest, five year ahead of the original schedule."](#)

The Treasury then bragged about the GM repayment, bolstering claims that the taxpayer-funded bailout worked. In an April 21 press release, Treasury said GM ["has fully repaid its debt under the Troubled Asset Relief Program \(TARP\). GM paid the remaining \\$4.7 billion of the total \\$6.7 billion in debt owed to Treasury."](#) Obama economic adviser Larry Summers cited it as proof that the "politically difficult" bailout decision was correct.

All three claims were heavy on spin, yet the networks repeated them calling them a "happy surprise," and said that GM was "keeping faith with taxpayers." The three broadcast networks couldn't muster any skepticism of the GM claim, even though the truth was that the company paid off the "loan" portion of its \$52 billion bailout with part of that same bailout.

Even the liberal New York Times saw through the deception, saying, "What neither G.M. nor the Treasury disclosed was that the company simply used other funds held by the Treasury to pay off its original loan." Sen. Charles Grassley, R-Iowa, caught the trick and challenged the Treasury Department calling it a "TARP money shuffle."

Unfortunately, it was no surprise that the three broadcast networks had little skepticism of GM's claim. They were looking for ways to praise the success of the auto bailout they promoted nearly two years earlier with almost three times as many pro-auto bailout stories as balanced stories (31 to 12). Only one story had an overall anti-bailout tone.

9. Media complain about stimulus running out, leaving teachers in a lurch.

Media Myth: Despite Obama's failed promises about stimulus keeping unemployment from rising above 8 percent, stimulus is still needed in 2010.

Ever since the recession was identified, the push from the news media has been more and more economic stimulus.

Stimulus, reporters said, would heal the economic illness.

The biggest push was for President Barack Obama's [\\$787 billion stimulus plan](#), but the media also promoted the auto bailout, Cash for Clunkers, and have called for additional spending to stimulate the economy.

Reporters like NBC's Scott Cohn warned of what might happen without stimulus in a Jan. 30, 2009, "Nightly News" report. "Economic stimulus isn't just a political debate around here. It could be a matter of survival," Cohn said.

But in 2010, the "need" for stimulus remained, according to the media. On June 28, CNN's "American Morning" lamented poor hiring prospects for teachers after thousands of layoffs. Despite unions, state budget crises and overall economic troubles, CNN blamed the lack of stimulus.

["Nationwide, 275,000 teaching jobs are on the line. According to a group of national school administrators, a big reason why: stimulus money is gone,"](#) CNN's Mary Snow said.

New York Times columnist Paul Krugman attempted to scare up more government spending with talk of a ["Third Depression,"](#) and when Obama himself called for "continued spending to support growth" in June the news media offered support by ignoring opposition.

CNBC's Rick Santelli was one of the only media voices to oppose the spending strategy. On June 28, Santelli shouted, ["I want the government to stop spending! Stop spending, stop spending, stop spending, stop spending! That's what we want, stop spending!"](#)

8. CNBC's Erin Burnett Says Soda is Like Cocaine

Media myth: Obesity is caused by advertising and some foods and drink are like illegal substances.

The news media love promoting food regulation about as much as kids love raiding a Christmas cookie tray. Media attacks on food and calls for regulation became even more outrageous in 2010 with comparisons between soda and cocaine, attacks on Happy Meal toys and other stories.

CNBC's Erin Burnett provided an absurd comparison to illegal drugs on Nov. 8, as she discussed the possibility of a "fat tax." Burnett asked the president of the American Beverage Association, "Let me ask you, is there anything good about drinking a full-calorie soda? Why do they even sell it? What's good for me in drinking it?"

When ABA's Susan Neely replied that "it tastes delicious" and many things are "fun to drink or eat," Burnett interrupted her to say, ["I'm sure you could say we like cocaine, right, right? But we don't allow people to do drugs. Where do you draw the line?"](#)

This year, the media also continued its criticism of food advertising. Back in June, news [outlets seized on a study](#) published in the Journal of the American Dietetic Association saying, ["TV ads for food may be skewing our decisions on what we eat in powerful ways."](#)

7. Obama the Tax Cutter

Media myth: The president who campaigned on raising taxes for the rich is a hero to the middle-class taxpayer.

One of the big economic myths that carried into 2010 was the notion that Barack Obama was heroically cutting taxes. The broadcast networks presented this viewpoint repeatedly while giving little coverage to the tobacco tax hike he signed into law and the health care bill's more than \$500 billion tax burden. If the Bush tax cuts were to expire they could cost taxpayers up to \$4.2 trillion.

Although there has been talk of a compromise extension of the Bush tax cuts, legislation hasn't been voted on yet and time is running out. If a deal does not pass and get signed before Jan. 1, 2011, taxes will go up on everyone.

Instead of attacking tax cuts, like the news media had under President George W. Bush, the networks embraced Obama's "ambitious agenda" on taxes. NBC's Carl Quintanilla made Obama's tax policies sound like a better deal for the "average" family on Sept. 22, 2008, saying "A middle-class household earning \$38,000 to \$66,000 a year would get an average tax cut under McCain of \$325, under Obama \$1,100."

In their tax cuts reports, the three broadcast networks spun a tale of [Obama the Tax Cutter, a middle-class hero](#). They ignored the violation of his pledge not to raise taxes "one dime" on the middle class. ABC, CBS and NBC also focused on Obama's tax cuts, even though he campaigned for president on repealing the Bush tax cuts on the "rich" (people making more than \$200,000 or couples making \$250,000). Since those cuts have been a fixture in the tax code for ten years, their expiration would be the largest tax increase in history.

And it would have devastating economic consequences, according to The Heritage Foundation. Heritage estimated that GDP would fall by \$1.1 trillion over the next 10 years, and employment would fall by an average of 693,000 jobs per year.

Obama has cut taxes (although the major initiative was a refundable tax credit), but those cuts have been small in comparison to his potential tax hikes. Yet media outlets often emphasized the president's tax cuts, rather than criticizing his tax increases.

CNNMoney.com was upset by the expiration of Obama's \$400 tax credit, favoring them over the prior Bush tax cuts.

["But unlike those \[Bush\] cuts, which mostly benefit wealthier Americans, the Making Work Pay credit is largely hailed as a middle-class benefit, and will affect a wider base of taxpayers,"](#) CNN said.

The fact is, of course, that Obama has wanted to raise taxes (at least on high income earners) from the very beginning. He campaigned on repealing Bush tax cuts for the rich, and even as the cuts near expiration Obama has said he wants those to end for the wealthy. That would be roughly a \$700 billion tax increase.

He claims it is too expensive to leave the tax cuts in place for top income earners, but press secretary Gibbs revealed White House disdain for the rich saying in a Sept. 13, 2010, CBS "Early Show" interview: ["The president does not believe we that should be borrowing money, most likely from overseas, to extend tax cuts for folks, quite frankly, that weren't asking for them and don't particularly need them."](#)

6. MSNBC Maintains Tea Parties are Astroturf, Media Ignore Green Group Ties.

Media myth: Conservative grassroots movement is fake, but corporate-sponsored environmental holiday isn't.

There are many media double standards. One of them is labeling or maligning conservative groups while failing to question left-wing groups. That was the case with the Tea Party movement, when compared to corporate and government sponsored [Earth Day events](#) on the National Mall.

From the very beginning the Tea Parties have been labeled "Astroturf" or fake-grassroots. Former Speaker of the House Nancy Pelosi called them that back on April 15, 2009, but media outlets including MSNBC have repeated the charge time and again.

2010 was no exception. MSNBC's Rachel Maddow used it to bash the tea parties on April 15 saying, "The annual April 15th 'I hate paying taxes' tantrum this year took the form of an online tax revolt that was sponsored by all sorts of conservative organizations **like our friends at the Astroturf group FreedomWorks and the National Taxpayers Union** - taxpayers union and the Republican tea party group, the Tea Party Express. In addition to those folks on the street, they were meeting online."

But rarely do the media apply that same 'Astroturf' label to green activists who are openly sponsored by corporations.

For many companies, environmental causes and "saving the planet" have become a clever way to market or advertise a product. It's a common phenomenon for retail outlets to use the environmental mantra to promote what they're selling. In

fact, it's not only promoted [by corporate interests](#), but it's something [the federal government encourages businesses do to sell their product](#), according to the U.S. Small Business Association's Web site, [Business.gov](#).

Corporate fingerprints were all over Earth Day 2010 at the National Mall. Major U.S. corporations like Proctor & Gamble, Siemens, Wells Fargo, AT&T, UPS, Philips and Ford all had a major presence at the so-called Earth Day "Climate Rally." That's [in addition to](#) a sponsorship from NASA, a federal government entity, and media outlets like the Washington Post and Gannett's USA Today.

All the components - corporate interests, government bureaucracies and media collaborating to push a political agenda. Isn't that the very definition of 'Astroturf?' Not according to the media. A 90-day search preceding Earth Day yielded no cases of a media outlet using the word to describe the day of green activism.

5. Despite Largest Budget in History, Obama is Fiscally Conservative

Media myth: Big spender Obama is going to cut wasteful spending, curb deficit.

While it seems impossible that the media could paint the man proposing the largest federal budget in history as waste-cutting and fiscally responsible, [that's exactly what they did](#).

NBC's "Nightly New" followed up its Feb. 1, report on the president's \$3.8 trillion budget - the largest in history - with a "Fleecing of America" story about wasteful defense spending. Lisa Myers report highlighted one particular project that made Congress look bad and Obama look good the very same day he proposed massive spending increases.

"The C-17 cargo plane is the workhorse of the military. It carries troops and equipment to war zones, helps in a crisis like Haiti. Just about everyone agrees the C-17 is a terrific plane. But the Pentagon has said it has enough and wants to stop buying them. Still, Congress just voted to build 10 more planes. Cost: \$2.5 billion. Today the president said this makes no sense,' Myers said before cutting to video of Obama calling the project 'waste, pure and simple.'

Other reporters including Savannah Guthrie and Bill Plante agreed with the president's spending priorities. The three broadcast morning and evening news programs let the administration do the talking instead of bringing in tax or economic experts. On Feb. 1, the day of the budget announcement, administration officials were quoted or interviewed seven times. Only a single economic expert was brought on: Robert Bixby of the Concord Coalition, a non-profit devoted to fiscal responsibility.

4. Lack of Press Freedom in Gulf Doesn't Point to Obama

Media myth: BP must be controlling the Coast Guard, FAA and others to block press access to oil spill.

It took more than 40 days for most people to see disturbing images of wildlife coated in oil after the British Petroleum oil spill in the Gulf of Mexico. [The press blamed BP for their lack of access, but it was federal authorities enforcing the "blockade."](#)

CBS, Associated Press, Mother Jones and The Times-Picayune all complained about local and federal authorities and British Petroleum contractors inhibiting their reporting.

But while many in the news media blamed BP, the real culprit may well have been the Obama administration. When asked, Obama and other administration spokespeople said the U.S. government is in charge of the oil spill cleanup.

The news media ignored the similarities between lack of access to the oil spill and Obama's long-standing pattern of handling the press and occasionally blocking access.

CBS released [video](#) of a boat of BP contractors and two Coast Guard officials telling their reporters to leave an area on May 20. The video shows one man on the boat saying, "This is BP's rules, not ours." As a company, how could they exert authority over the Coast Guard, and why wouldn't the Obama administration make sure that does not happen?

But the question remains, was the White House powerless to control federal agencies like the Coast Guard? Or unwilling -

because more coverage of the tragedy would have meant more potential criticism for Obama? Or were these agencies puppets in the hands of BP? No matter the option, things didn't look good for the administration.

3. Nearly 10 Percent Unemployment Isn't So Bad

Media myth: There are 'signs of hope' in the labor market.

The U.S. has seen the longest stretch of 9.5 percent or higher unemployment since records were kept in 1948, according to Bloomberg. In November, the unemployment rate went up to 9.8 percent.

The unemployment rate has shot up from 7.7 percent as Obama took office to 9.8 percent (after going as high as 10.1 percent), yet the news media rarely criticized the president and his administration for the millions of unemployed or for breaking promises to create millions of jobs.

Despite forecasted job gains of about 150,000, only 39,000 jobs were added to the economy in November. Although downbeat when clearly bad employment news is released, the news media have also tried to [spin jobs data in Obama's favor](#).

The 9.8 percent unemployment rate means heartache and struggle across the United States, but that was not the story being told by the news media before the 2010 mid-term elections.

CNBC's Steve Liesman called it "self-sustaining job growth," on April 2, 2010. On the network news shows, the past year was a time of "hope." That's exactly the word anchor Diane Sawyer used on March 5, 2010. She told the "World News with Diane Sawyer" audience how spring was in the air. "We tell you the clues in the brand new jobs report, about the spring and the signs of hope."

2. ClimateGate? What ClimateGate?

Media myth: The climate scandal isn't a big deal, after all they were 'exonerated.'

It's been more than a year since leaked emails and files showed that global warming alarmists "can't account for the lack of warming at the moment," were attempting to 'hide the decline' of temperatures and indicated that their temperature records were in a "hopeless" state.

Despite that, the three broadcast networks barely covered ClimateGate or the University of East Anglia (where the climate researchers worked). ABC, CBS and NBC only mentioned those things in [12 stories in the year following the leak](#). At first, the networks ignored the story for about two weeks, then they defending global warming alarmism as solid science.

CBS's Wyatt Andrews defended alarmist scientists against accusation of "fraud" saying "if that's true, it's a fraud adopted by most of the world's leading scientists ..." Similarly, NBC's Anne Thompson cited "experts" to bolster global warming science on Dec. 6, 2009, saying "They say it doesn't matter what's in those emails. The Earth is changing."

On May 23, 2010 ABC declared that the scientists had been "[exonerated](#)." Dan Harris told "World News" viewers that "several subsequent investigations have exonerated the scientists" of the ClimateGate scandal accusations.

What Harris didn't tell viewers was that there is evidence to suggest those "independent" investigations were a "whitewash." Cato Institute Senior Fellow Pat Michaels wrote an op-ed for The Wall Street Journal July 12 cautioning people, "[Don't believe the 'independent' reviews.](#)"

Although the media have defended the accused scientists and downplayed the Climategate allegations, the scandal may have impacted coverage of the [Cancun climate summit](#) going on in Mexico. The broadcast networks hadn't mentioned the conference at all in the week before the event or the first two days, a direct contrast to the deluge of coverage of 2009's Copenhagen climate conference.

1. The Chamber of Commerce is Taking 'Secret Foreign Money' for Election

Media myth: Business group is improperly funding its mid-term campaign ads.

This myth about the Chamber of Commerce began with unsubstantiated claims from one left-wing group, but was soon embraced by the DNC, Obama and by liberal media outlets.

Think Progress, a left-wing website and arm of the George Soros-funded Center for American Progress, [claimed that the Chamber was soliciting foreign money to pay for political attack ads in the U.S. midterm elections](#). That's a serious charge since it is illegal to spend foreign money on domestic elections, yet the group offered no evidence to support the allegation.

That didn't prevent Keith Olbermann of MSNBC from railing against the Chamber night after night. On one show he said the group was "something like the Manchurian Chamber of Commerce." The Los Angeles Times said the claim was "gaining traction" Oct. 7.

Surprisingly, it was the liberal New York Times that noted how baseless Think Progress' claim really was. The Times wrote on Oct. 8, "[T]here is little evidence that what the Chamber does in collecting overseas dues is improper or even unusual, according to both liberal and conservative election-law lawyers and campaign finance documents."

The paper went on to say that, "Organizations from both ends of the political spectrum, from liberal ones like the A.F.L.-C.I.O. and the Sierra Club to conservative groups like the National Rifle Association, have international affiliations and get money from foreign entities while at the same time pushing political causes in the United States."

Tom Collamore, senior vice president of communications for the Chamber, told the Business & Media Institute the attacks were a distraction: "We certainly had our share of distractions in this election season. However, we remained focused like a laser on the issues we - and it turns out, [the voters](#) - care about: jobs and the economy."

Chamber President Tom Donohue called the Think Progress accusations "patently untrue" in an Oct. 12 letter. He also called out the White House for repeating the baseless claims "[to try to salvage an election.](#)"

"Let me be clear. The Chamber does not use any foreign money to fund voter education activities - period," Donohue wrote. "We have strict financial controls in place to ensure this. The funds we receive from American Chambers of Commerce abroad, bilateral business councils, and non-U.S. based global companies represent a small fraction of our more than \$200 million annual revenues. Under our accounting system, these revenues are never used to support any political activities. We are in full compliance with all laws and regulations."

Like this article? [Sign up](#) to receive free e-mail alerts from BMI