

CASE 2-G

IS IT NEWS YET?

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Every weekday afternoon, he screams, pouts, whines, stomps his feet, and throws things in rabid fits of frustration. It's Jim Cramer, the manic 54-year-old host of CNBC's "Mad Money" program. Cramer uses all the hyperkinetic bells, whistles, and special effects of a television game show to showcase the nonstop onslaught of his latest buy and sell recommendations for stocks.

"It occupies some sort of netherworld between sheer entertainment and useful financial advice," said *Washington Post* media writer Howard Kurtz, just a few months after the show began in 2005 (Farzad 2005).

"This show is about making money and educating you while we entertain you. There's no bones about that," Susan Krakower, the vice president of strategic development at CNBC, who cocreated the show with Cramer, told the *Hollywood Reporter* (Gough 2006).

Based on ratings, viewership rises along with the stock market's volatility, though it's difficult to know whether the people who tune in are more interested in entertainment or advice (Carr 2008). What is certain is that Cramer's over-the-top style appeals to viewers who might otherwise tune out the dense drone of financial news coverage. The information Cramer, a former hedge-fund manager, presents is both real and relevant. He reaches more younger viewers than traditional financial shows; in fact, Cramer tours US colleges on a regular basis.

However, during the financially disastrous year of 2008, the show's host made a number of high profile—and questionable—statements.

In March 2008, Cramer responded to a viewer who was tempted to sell his shares of struggling Bear Stearns stock.

"No, no, no! Bear Stearns is fine," Cramer said on air. "Don't move your money from Bear! That's just being silly."

When JPMorgan Chase took over the beleaguered investment bank less than a week later, the stock value plunged. Cramer justified his misplaced optimism, even suggesting that it was partly calculated, saying, "I guess I could have caused a run on the bank and said take your money out of Bear."

In September 2008, Cramer interviewed the CEO of Wachovia and called the bank's stock one of only a few potential "winners" in the \$700 billion bailout (Sorkin 2008). Two weeks later, a chagrined and sullen

Cramer glowered an apology into the Steadicam, telling his viewers that he had “screwed up.”

“I let you down ‘cause I wasn’t skeptical enough,” he said. “I have to presume when it comes to banking right now, there is no objective truth, just negative, just terrible things.”

Finally, in October, Cramer appeared on NBC’s “Today Show” with a grim economic forecast. “Whatever money you may need for the next five years, please take it out of the stock market right now, this week,” he advised viewers.

Amid accusations that such statements were akin to shouting “fire” in a crowded building, Cramer stood by his advice, emphasizing that he remained confident in the long-term investment potential of stocks (Carr 2008). “I am still committing for my retirement,” he told Scott Collins of the *Los Angeles Times*. “I’m not backing away. Because, I have no intention of retiring in the next five years” (Collins 2008).

Legally, CNBC protects itself and its volatile show host with extensive disclaimers warning of the financial risk in the advice offered on the program. In part, the warning states viewers “should not take any opinion expressed by Cramer as a specific inducement to make a particular investment or follow a particular strategy.”

Micro Issues

1. How important is it that Cramer intends to entertain as well as inform in terms of the way he presents financial news?
2. Is the disclaimer that runs at the beginning of every show ethically defensible? How would you defend it?
3. How should a rational actor evaluate the claims of Cramer?
4. How is Cramer’s show like and unlike what a public relations person for your local bank might do? Are there ethical distinctions between Cramer’s approach and more traditional advertising or public relations?

Midrange Issues

1. What is the ethical role of CNBC in presenting a show such as “Mad Money”?
2. Compare Cramer’s brand of financial news with Comedy Central’s Jon Stewart and his brand of mock news. Which is more ethically justifiable? Why?
3. Should a local newspaper’s business or financial reporter treat Cramer’s recommendations as a news story?

4. Do you think audiences are particularly vulnerable when it comes to complex topics such as financial news? Does that vulnerability result in any distinct ethical obligations?

Macro Issues

1. Are there some subjects that are too serious to be made entertaining in this way?
2. Cramer is an avowed capitalist. Can he also be trusted to be an objective critic of the capitalistic system—particularly considering the financial disasters of 2008? Is that his role?
3. Evaluate the usefulness of Cramer's show to individual viewers. Is he advisor or entertainer?

CASE 2-H

WHAT'S YOURS IS MINE: THE ETHICS OF NEWS AGGREGATION

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In June 2008, The *Hartford Courant* cut 95 jobs from its news department, roughly half of its news staff, in two rounds of layoffs. But within a few months, with an online news hole to fill and a reduced staff, the paper started aggregating local news from surrounding dailies.

In a search of the publication's website for Aug. 29–30, 2009, *Journal Inquirer* reporter Christine McCluskey counted 112 stories that were written by the *Courant's* Connecticut competitors *Bristol Press*, *New Britain Herald*, *Torrington Register-Citizen*, *Waterbury Republican American*, and her own paper (McCluskey 2009). The stories were often—but not always—attributed to the original source, a practice Michael E. Schroeder, publisher of the *Bristol Press* and *New Britain Herald* called, “at best plagiarism, at worst outright theft” (McCluskey, 2009).

Jeffrey S. Levine, the *Hartford Courant's* director of content, explained his paper's position. “Aggregation is the process of synthesizing information from other news sources, most commonly by placing a portion of the information on your website and linking to the original story” (McCluskey 2009). He cited a mistake in his paper's editing process that “inappropriately dropped the attribution or proper credit