

Jon Stewart becomes angry public's avenger

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WASHINGTON — Jon Stewart has amassed a passionate following as a sharp-edged satirist who punctures the balloons of the powerful with a caustic candor that reporters cannot muster. As public furor over the economic meltdown rises, the Comedy Central star has turned not just his humor but his full-throated outrage against financial journalists who he says aided and abetted the likes of Bear Stearns, AIG and Citigroup, especially those who work for the nation's top business-news channel.

Stewart morphed into a populist avenging angel this week, demanding to know why CNBC and its most manic personality, Jim Cramer, failed to warn the public about the risky Wall Street conduct that triggered the financial crisis.

"It's bigger than CNBC," said Jeff Jarvis, who teaches journalism at the City University of New York. "As anger rolls across the land about the mess we're in, it's also hitting people who cover the financial world ... CNBC is the easiest target if you're doing comedy."

In his much-ballyhooed "Daily Show" faceoff with Cramer on Thursday, Stewart accused the network of peddling "snake oil."

"Listen, you knew what the banks were doing," Stewart said. "And yet were touting it for months and months - the entire network was. So now to pretend that this was some crazy, once-in-a-lifetime tsunami that no one could have seen coming was disingenuous at best and criminal at worst."

Cramer, a former hedge-fund manager known for his bombastic style, sounded apologetic at times, saying he had made mistakes and wished he and the network had done a better job. "I had a lot of CEOs lie to me on the show. It's very painful," the "Mad Money" host said.

Video of the interview immediately went viral and was prominently played Friday across the Web, giving it exposure that exceeds Stewart's television audience, which reached 2.3 million this week.

Much of the public, especially on the left, came to resent news organizations for not reporting more aggressively on the Bush administration's march to war in Iraq. Stewart's criticism may tap into similar sentiments about media complacency during the housing and credit bubble, especially since news outlets were widely accused of boosterism after the late-1990s tech boom that went bust.

The showdown with Cramer came eight days after Stewart blistered CNBC for offering bland assurances about the health of investment banks and for soft interviews such as one last year with R. Allen Stanford, who was asked: "Is it fun being a billionaire?" Stanford was charged last month in an alleged \$8 billion fraud.

Cramer has told colleagues he felt blindsided by Stewart's hostile approach. But many CNBC employees were furious with Cramer on Friday for failing to defend the network's reporting or to criticize Stewart's video clips as selectively edited or out of context.

CNBC declined all interview requests, saying in a statement: "CNBC produces more than 150 hours of live television a week that includes more than 850 interviews in the service of exposing all sides of every critical financial and economic issue. We are proud of our record."

Cramer used an analogy to the college basketball playoffs to depict himself as the underdog in the contest. "When you are a Big East team and you are 16th seed in the Western Regional, you just want to leave with your head intact," he said by e-mail. "When I walked out I checked in the mirror, it was still attached."

Business journalists generally failed to anticipate the magnitude of the Wall Street collapse, reporting elements of the growing risks but rarely trumpeting the threat on the front pages or network newscasts. CNBC, a fixture on Wall Street, is hardly the only news organization to fall short.

Fortune magazine, for instance, reported in 2006 on "How Dick Fuld transformed Lehman from Wall Street also-ran to superhot machine." Fuld, the chief executive, led Lehman Brothers into bankruptcy.

Most news outlets ignored or minimized a decision by the Securities and Exchange Commission to rely on investment banks to police themselves, a move cited by The New York Times last fall as a key element in the debacle that followed.

At the same time, The Wall Street Journal, among others, highlighted the risks at Fannie Mae and Freddie Mac, now controlled by the government, and such columnists as Steven Pearlstein of The Washington Post and Gretchen Morgenson of The New York Times warned about massive credit risks.

CNBC was the first to report that federal authorities were considering a bailout of insurance giant AIG. Cramer warned viewers in October to get out of the stock market if they might need the money in the next five years. But the network also hosts a parade of corporate executives, fund managers and investment analysts with a vested interest in talking up stocks.

Stewart's video montage last week showed CNBC employees and guests appearing to rule out the notion that Lehman, AIG and Merrill Lynch could face bankruptcy, as happened soon afterward. Cramer was seen repeatedly touting Bear Stearns in the weeks before the company collapsed.

"People view him now as a truth-teller, not a joke-teller," Jon Friedman, media columnist for Marketwatch.com, said of Stewart, adding that he has turned CNBC into "the scapegoat for the recession."

Steve Friedman, a former top executive at NBC and CBS, called Stewart "a 2009 version of Will Rogers: a social commentator who pokes holes in people who don't usually get holes poked in them." He said CNBC had not been damaged by the ridicule: "They do some very good work, they do some very shoddy work. But if you're looking at how your stocks are doing, that's the place to go."

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