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An Open Source Study of International Media Coverage of the WorldCom Scandal

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ABSTRACT

Just three years into the new millennium, two of the greatest symbols of American capitalism had imploded in a display of corruption and misgovernance. The increasingly internationalized world economy meant the fall of Enron and WorldCom had serious ramifications for foreign investors and markets, and the effects of these events were felt across the globe. As the popular media covered the unfolding events, each did so with the distinct interests of their home countries in mind, providing insight into regional reflections on this global event. WorldCom, in particular, had become a symbol of the information age, expanding into foreign telecommunications markets and managing one of the Internet backbones. This paper exploits the World News Connection open source intelligence product to examine international coverage of WorldCom's 2002 collapse, exploring in-depth how the world reacted to the largest bankruptcy in corporate history. What we see is not the story of a telecommunications giant fallen on hard times, but that of an international enterprise slipping below the water, sending shockwaves that were felt around the globe.

BACKGROUND

WorldCom began life as Long Distance Discount Services, Inc. (LDDS) in 1983, with Bernard Ebbers taking the helm shortly thereafter. After taking itself public in 1989, the company became a symbol of the growth-by-acquisition mindset of the 1990's, buying company after company to increase its dominance of the telecommunications market. In 1996 it acquired UUNet Technologies, which gave it control over one of the nine core Internet backbones, and firmly cementing WorldCom's role as a major controller of Internet communications. With each acquisition, its stock price went up, enabling it to purchase another company, raising its stock to fund yet another acquisition. As its explosive growth continued, the company came under intense pressure to ensure that its success carried forward unabated. In 1997, WorldCom and MCI Communications joined together in the largest corporate merger in US history, forming MCI Communications and giving WorldCom control over more than 50% of the Internet infrastructure. (Schiller, 1998) However, just as this merger heralded a new chapter in WorldCom's growth, the telecommunications market was entering a downturn which would prove the company's undoing. To keep the company outwardly profitable in the face of declining profits, it quietly adopted fraudulent accounting practices to hide its losses. In July 2000, WorldCom was forced to abandon plans to merge with Sprint Corporation, which would have made it the largest telecommunications provider in the United States. Its shares collapsing, the company's "cooked books" could no longer hide its losses and WorldCom finally succumbed to the market's downward spiral, its accounting practices becoming the subject of an SEC investigation.

During its era of spectacular growth, WorldCom had become a critical nexus of global telecommunications. As a company, it had recognized the transnational nature of telecommunications and relentlessly expanded its international presence, purchasing Brazil's Embratel when it was privatized in 1998, pushing into new markets like Japan as they deregulated their telecommunications markets, and partnering with countless regional providers. While it was headquartered in the United States, by the start of the new millennium WorldCom was a truly global company, having purchased or partnered its way into the telecommunications networks that serviced much of the world's communications. In the boom of the 1990's, Enron and WorldCom were the very symbols of what capitalism made possible, with Enron pioneering new methods of energy marketing and WorldCom leading the revolution in global telecommunications. With Enron fallen, and WorldCom crumbling on the world stage, America suddenly found itself a symbol of what could go *wrong* with corporate power, rather than the epitome of what could go *right*.

EXAMINING THE INTERNATIONAL RESPONSE

In this increasingly globalized world, it is important to listen not only to what is said inside a state's borders, but more and more to the impressions of external states. As economists like Gary Gereffi (2004) argue, the economies of the world's nations interlock in the shared marketplace known as the global economy. A key thesis of this institutionalized view of globalization is that political boundaries no longer coincide with economic ones, and instead of isolated self-contained environments, national economies are now highly interdependent, with changes in one often rippling across many others. Within this environment, nations must now look beyond their borders to gauge the potential domestic impact of major events in their neighbors. The way in which each nation internalizes that potential impact is therefore reflective of the way it views its role within this global arena. Nations also use this marketplace as a way to advance their own economic interests, and the occurrence of a major scandal in one of the established economic superpowers offers the opportunity for smaller nations to reinforce their position on the global stage.

One method of gauging international reaction to an event is to monitor foreign news coverage, a research methodology known as *content analysis*. Analysis of news media includes both quantitative and qualitative examination of foreign action or reaction from outlets throughout the world. (Krippendorff, 2004) The practice of rigorously examining foreign media has a long history stretching back nearly a century, from such pioneering papers as Harold Lasswell's dissertation thesis on World War I propaganda, (1927) to the introduction of computer analysis techniques 40 years ago with programs like The General Inquirer. (Stone et al, 1966) The news media does not form a homogenous layer of information distribution; rather it is strongly reflective of local cultural and contextual influences. A Russian newspaper article might be expected to use an American economic event as a platform for attacking the Western blend of capitalism and promoting the Russian approach. A small South American nation with a freshly minted capitalistic economy and unstable democracy might focus on the possible domestic economic

damage and the risk that such an event might force it back to a non-capital market. Exploring the ways in which outlets differ in their coverage of a given event can therefore offer significant insights into those local influences. (Gerbner & Marvanyi, 1977).

Content analysis of news media is traditionally performed using limited databases of news publications like LexisNexis™ or digitized historical collections like Proquest Historical Newspapers™. However, to fully delve into local media patterns, a different source of international news coverage is explored in this paper. Tracing its roots to the leadup to World War II, Open Source Intelligence, or OSI, describes the systematic monitoring and analysis of foreign media outlets as a method of examining international sentiment and uncovering specific areas of concern or lack thereof by external states. During WWII, the ability of open source intelligence to accurately sample and describe the sentiment of foreign nations was a crucial advantage for Allied troops. (Cantril, 1967). More recently, US intelligence officials monitoring the collapse of the Soviet Union found that more than 80% of their information came through the monitoring of public news media and other open source publications and broadcasts. (Studeman, 1992)

Beyond their use in intelligence, monitoring the international press can be an invaluable tool for exploring the global reaction to civilian events. There have been a number of books examining the impact of WorldCom's collapse on the telecommunications industry and corporate governance, including the well-known *Broadbandits* by Om Malik (2003) and Lynne Jeter's *Disconnected: Deceit and Betrayal at WorldCom* (2003), as well as countless academic studies like Gregory Sidak's *The Failure of Good Intentions: the Worldcom Fraud and the Collapse of American Telecommunications After Deregulation* in the *Yale Journal on Regulation* (2003). However, while each of these recounts the factual events that led to WorldCom's downfall and their market effects, there has been surprisingly little coverage of the international response to the collapse. Significant questions remain unanswered, such as the degree to which foreign countries viewed it as a failure of capitalism, and whether it was cast in terms of an isolated "Western" ailment as opposed to an event with significant domestic impact.

While there have been many stories of economic collapse that could be selected, the collapse of WorldCom offers a particularly rich case study. Its household name and near-dominance of the global Internet and communications infrastructure meant it was a truly global company that was deeply entrenched in the economies of many nations and its collapse would necessarily have real domestic impact in many parts of the world. One of the byproducts of the globalization of telecommunications is the interdependence of national communications infrastructures on organizations outside of states' borders. An entire nation's infrastructure can now lay in the hands of a corporate entity halfway across the globe, intertwining major societal functions within economic links. One question therefore is the degree to which these linkages predominate in a given nation's press and how they are portrayed. The political underpinnings of economic structure and the interactions of national economies at the global scale suggest that the way in which each nation internalizes WorldCom's collapse will yield significant insights into how it views its place in the global economy.

As Gerbner & Marvanyi (1977) discuss, the news media of a nation acts as a window into the national consciousness, reflecting the overall sentiment of a population towards an event. It might be expected that some nations would take the opportunity to use the event as a launching pad for attacks on the capitalistic market system of the US. In an era of interlinked economies, is it the economic or the political impact that takes the front seat in a nation's coverage? A country which has an internal self-perception of a fragile economy might be expected to focus on domestic impact, perhaps even domestic political impact if there are concerns that governmental upheaval could result from the economic damage. Nations which perceive their economies to be more robust and able to weather the economic storm would likely focus outside their borders, on the effects on the international economy. In a structured way, therefore, examining the news media of each country through this global news medium offers a view into how each nation viewed the collapse as likely affecting itself, and, therefore, its views of its own fragility.

This paper seeks to examine, at least in part, the international press coverage of the WorldCom scandal and answer some of these questions of its portrayal around the world. The first portion of the paper uses the Access World News international newspaper aggregation service to measure global news volume mentioning WorldCom in the years up to, including, and following its 2002 collapse. Of particular interest are issues such as how quickly interest in the story tapered off, what kind of resurgence it experienced, and whether stories focused on the details of the scandal, or simply used it as a symbol of corporate failure. The second half of the paper uses the OSI product World News Connection to determine the subject matter focus of a subset of international coverage. Issues considered include whether articles were inwardly focused on domestic economic impact, outwardly summarizing international economic and political ramifications, or singling out specific political leaders and their policies.

DATA SOURCES

International news aggregation services collect news articles from publishers around the world and offer them in a single searchable environment. Rather than having to turn to the major papers in each individual country, a researcher can rely on a single service to monitor news coverage from around the globe. However, despite their critical importance in studying international coverage, such full text searchable news archives are still relatively rare. Three of the major providers today are Access World News™ (AWN), LexisNexis Academic™ (LNA), and World News Connection™ (WNC).

Access World News is a product of NewsBank, Inc. and focuses on providing translated content from newspapers around the world. As of April 2007, it offers 2,076 titles, 1,099 of which are non-US. Coverage is provided for all regions of the world, but only select articles are provided for newspapers in many countries. However, while absolute counts may not be derived from the AWN database, relative trends *can* be drawn, offering a representative sample of overall sentiment in the monitored areas. LexisNexis Academic is a very well-known news aggregator, popular in content analysis research for its broad coverage. However, the service was not constructed for *geographic* news searching like

AWN, and only a single search option, *World News*, offers any form of geographic breakdown, with broad groupings that lump the United States in with Latin America. While LNA allows the user to select individual sources to search within a subset of its collection, only five sources at a time may be selected, making geographic searching by title selection time prohibitive. Despite being a popular aggregator, its use for this project was limited by the inability to select content areas by geographic region.

Unlike other news aggregators, World News Connection represents not a for-profit commercial entity, but rather an arm of the United States intelligence community, offering the unique capacity for civilian researchers to access the open source intelligence gathering capacity of the US government. WNC material “covers significant socioeconomic, political, scientific, technical, and environmental issues and events” sourced from “full text and summaries of newspaper articles, conference proceedings, television and radio broadcasts, periodicals, and non-classified technical reports” in over 130 countries. (*About World News Connection*, online) The WNC database is populated through a feed from the Open Source Center (a new center formed in 2005 from the merger of the Foreign Broadcast Information Service (FBIS) with other US OSI divisions) and represents over 60 years of OSI experience. Non-governmental access to WNC is provided through Thompson Dialog. The digital archive extends back to 1996 and includes geographic and topical categorization of each report starting in 1999. The only primary geographic limitation to the WNC material is that, as a foreign intelligence agency, it is prohibited by law from monitoring domestic news reports, so WNC content covers only non-US outlets. For the purposes of this paper, a packaged version of the WNC content, available on CD-ROM and covering the period from June 1996 to June 2004, was selected for its electronic compatibility with several statistical tools.

Open Source Intelligence products such as World News Connection have been available to the scholarly research community in digital form for the past decade, yet they have received surprisingly little exposure in the field of content analysis compared to more traditional sources like digitized newspaper archives and online media databases. From a methodological standpoint, OSI content offers substantial promise in allowing more thorough examination of the international press, leveraging the substantial capability of the intelligence community.

WNC focuses heavily on broadcast monitoring, but has a strong print component as well. It is this broadcast medium that makes the service especially valuable in comparison to traditional news archive databases, especially in regions where literacy rates may not be as high, or where these media may act as the predominant source of news distribution. No news aggregator can compile every publication or broadcast from every outlet and aggregation of news content may vary across the world. As an intelligence product, WNC has an advantage over commercial media in that it is not bound by a revenue-generating or editorial model. Instead, its agents are tasked with collecting any report that might possibly have a bearing on the interests of the United States and its allies, either positive or negative. Since WNC must provide an operational foundation for US foreign activities, as opposed to acting as an outwardly-facing propaganda tool, it focuses

on ensuring that news that is detrimental to the United States is covered equally with positive news.

MEASURING VOLUME AND COOCCURANCE: AWN

One of the first questions that must be answered about the international coverage of the WorldCom collapse is how the overall volume of coverage changed before and after. With any keyword-based volume measurement, it is important to find a term or set of terms that ensures the best possible tradeoff between recall and precision. WorldCom's unique one-word name ensures nearly 100% recall and precision from a simple keyword search.

The Access World News interface allows precise geographic and date-based limiting of searches, offering an ideal environment for exploring news volume patterns relating to WorldCom. Figure 1 shows the total monthly volume of US vs foreign news articles mentioning WorldCom in 2002. The graph has been normalized for AWN's regional title coverage (977 US titles to 1,099 foreign titles), and the vertical axis represents the average number of articles per title published in each month. Since AWN captures only selected foreign content, this graph is not an exhaustive summation of foreign news coverage. Rather, it illustrates that both US and foreign coverage exhibited very similar patterns, with volume accelerating in June as the first glimmers of the accounting irregularities escaped, peaking in July, as the company filed for bankruptcy, and rapidly tapering back down. The sharp slope and relatively quick peak and drop shows the immediate outpouring of interest from the public, followed by a relatively quick loss of interest as other events took over the headlines. However, even at the close of 2002, five months later, US coverage was still up 84% from January and international coverage was up 94%, showing a sustained interest in the scandal's unfolding events. This sustained interest underscores the degree to which the collapse had a sustained impact on the global economy and the ongoing dialog it prompted in many nations.

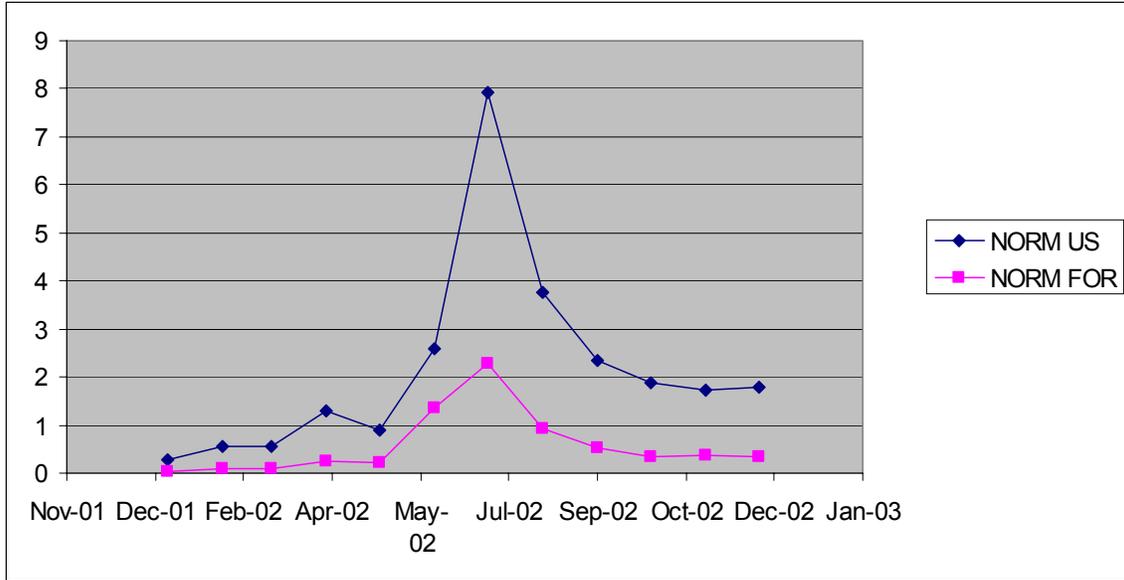


Figure 1 – Normalized US vs Foreign Monthly News Volume of WorldCom Articles in 2002

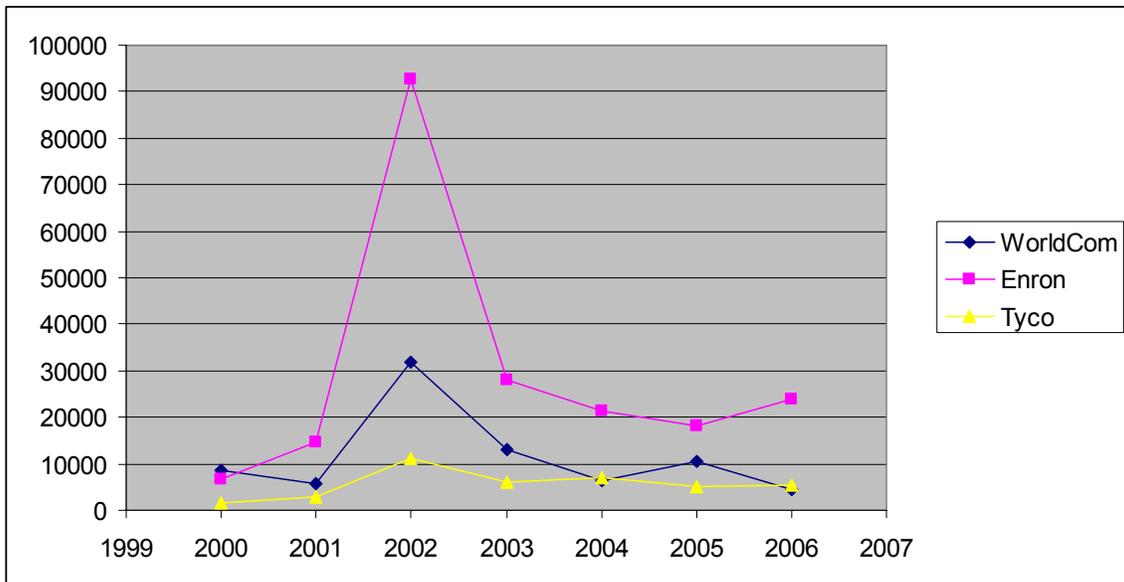


Figure 2 – WorldCom, Enron, and Tyco Total Annual News Volume

Figure 2 shows total annual (US + foreign) news volume of articles from 2000-2006 covering three of the corporations which imploded in scandal in 2002: WorldCom, Enron, and Tyco International. Coverage of the Enron and Tyco scandals is included as a comparison measure of corporate scandal coverage. As before, since foreign press articles are only included in selections, these numbers don't represent absolute counts, but are largely representative of overall press coverage. Almost immediately a stark contrast becomes apparent between the Enron collapse and that of WorldCom and Tyco. Enron filed for Chapter 11 bankruptcy protection on December 2, 2001, with the US Justice Department announcing their first probe in January 2002. The year therefore

opened with the postmortem of Enron's fall, leading into the collapse of WorldCom and Tyco later that year, but with Enron still largely overshadowing them, with a peak news volume nearly three times greater than either.

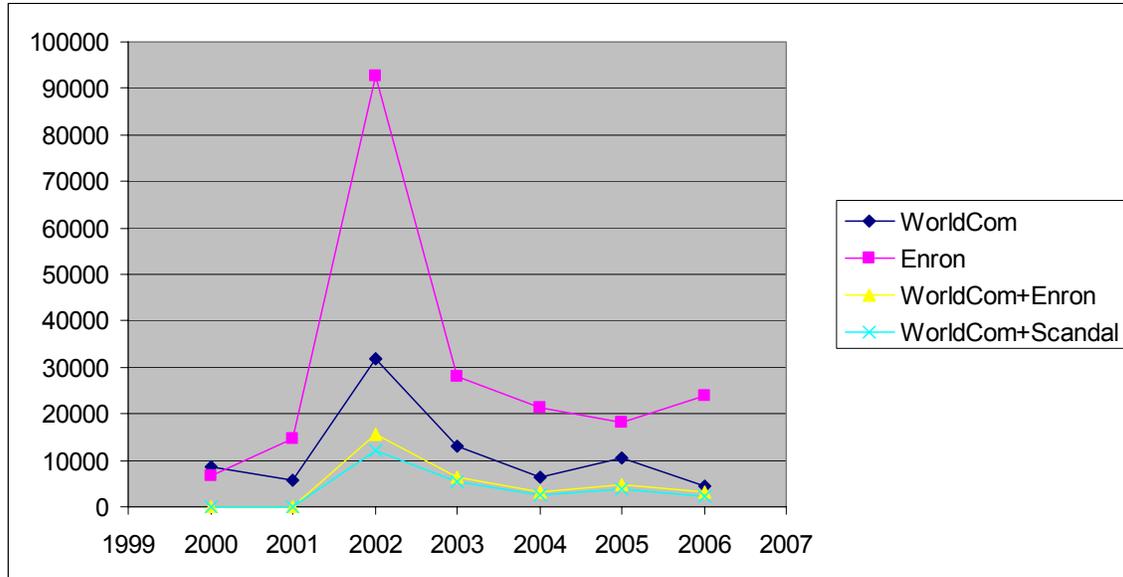


Figure 3 - WorldCom + Enron Coverage

It was expected that in the years following their failures, WorldCom and Enron would be held up as symbols of corporate misgovernance, with articles that mention both together being a measure of such usage. Figure 3 illustrates the overlap in coverage of the two companies, with less than 1.5% of all articles published in 2000 or 2001 on WorldCom mentioning Enron. However, in 2002, this increased to nearly half of all WorldCom coverage, with the term *scandal* further appearing in 38.4% of WorldCom coverage.

For example, a July 26, 2002 editorial in the *Jerusalem Post* (Slomowitz, 2002) mused on the “differences between capitalism and socialism...the famous cornering of the tulip market in Holland way back when, the insider trading of Ivan Boesky in the Eighties, and the Enron and WorldCom scandals today.” Not all articles used the two as symbols, with the remaining coverage ranging from *WorldCom net loss doubles in October to Dollars 205m*, (Kirchgaessner, 2002) reporting on the worsening health of the stricken company, to *Brazilian telecoms defiant in face of Lula threat: Operators worry that regulations could change*, (Wheatley, 2002) addressing the Brazilian reaction to the WorldCom collapse. WorldCom had recently purchased Embratel, the leading telephone carrier in Brazil, and as the embattled company sold its assets, several local carriers moved to jointly purchase Embratel and repatriate control of it.

While Enron and WorldCom are rarely mentioned together before 2002, in the aftermath of the WorldCom collapse there is a striking pairing of the two, with over half of all WorldCom articles from that period forward using them as symbols of corporate failure. It might be expected in such turbulent times that non-capitalist states would use these events as examples of the failure of the capitalist model. Interestingly, however, of the 941 WorldCom articles mentioning *capitalism*, 568, or roughly 60% of them, were

published in the United States. Such articles range from an article in London's *The Guardian* (Jackson, 2002) which argues "avarice... has always oiled the wheels of capitalism. Innovation means risk, and the hard-nosed entrepreneurs prepared to chance their arm seldom want their reward in heaven" to a column in the Doylestown Pennsylvania *The Intelligencer*, (Sessinger, 2002) which cites US Senator John McCain as "a believ[er] in the principles of free enterprise... [and that] the current culture of what he calls 'crony capitalism' is destroying the atmosphere of investor trust which free enterprise needs to flourish."

EXPLORING IN DETAIL: WNC

Access World News allows broader trends in international news coverage volume to be examined, but such patterns alone are not enough to truly understand international reaction to this event. The World News Connection database is therefore used to gain a better understanding of its content, exploring which aspects are emphasized over time. Since WNC content includes not only newspaper and magazine articles, but also radio and television broadcasts, the term *report* is used to refer to its transcribed and translated content.

There were 410 total reports containing the term *worldcom* in the June 1996 to June 2004 WNC collection. Of these, 24 were published before January 1999, which is the date when WNC began performing subject categorization of its content, so these were discarded. This left 63 reports in the January 1, 1999 to December 31, 2001 period, representing pre-scandal coverage of the corporation. A second collection of 323 reports represents those of January 2002 through the collection's termination in June 2004, with 241 of those during the 2002 calendar year and 82 of those in the following year and a half representing the fallout. Figure 4 shows the distribution of WNC report volume mentioning *worldcom*, showing almost immediately that the majority of coverage is centered in the July 2002 period (161 reports in all), when the WorldCom scandal unfolded in the world's press. This matches the general trends found in Access World News.

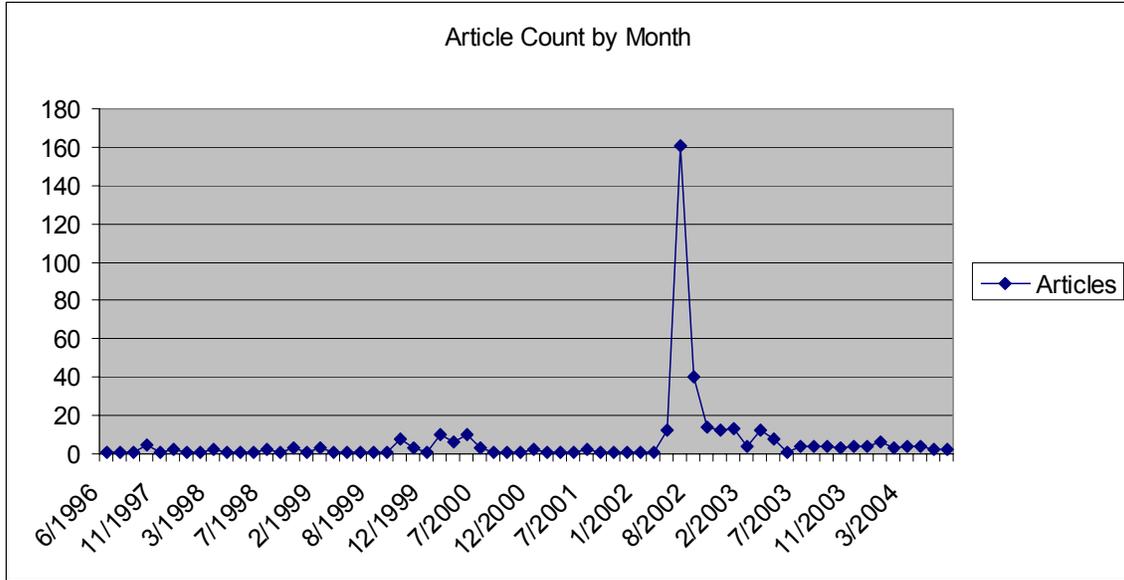


Figure 4 - Volume WNC articles mentioning WorldCom

Beginning in January 1999, WNC began providing topical categorizations for its content, using human editors to assign subject headings based on the transcribed or translated content. Table 1 provides a list of the top subject headings applied to WorldCom coverage (386 reports in all) during the 1999-2004 period. The % *WC* column gives the percentage of WorldCom coverage that was assigned that topic, while the % *All* shows the overall popularity of that topic among all 2.5 million reports in the collection during this period. Each report may be assigned multiple subject headings. Nearly 50% of all coverage addressed international economic effects of the scandal, showing states peering outward beyond their borders to contemplate the long-term global economic effects of the unfolding collapse. Domestic economic impact is also substantially elevated, illustrating the tight linkage between global and local economies. Domestic political impact is notably depressed, suggesting that relatively few nations viewed the event as having a substantial impact on their political structure, relegating it largely to the economic sphere.

Table 1 - Top WorldCom Subject Headings - All Reports

Category	% WC	% All
International Economic	54.92	13.15
International Political	40.41	43.26
Domestic Economic	39.38	15.22
Leader (reaction of a political leader to an event, or the impact that event will have on the leader)	25.39	34.65
Domestic Political	15.80	44.41
Telecommunications	14.25	1.41
Crime	6.74	4.87
Military (military activities or events with military impact)	4.92	17.40
Terrorism	4.92	10.11

Table 2 offers a comparison with the coverage of another corporate scandal, that of Enron, exhibiting very similar patterns in topical coverage. Both show substantially above- or below-average volumes for many of the subject headings, suggesting their topic distribution is a genuine product of this subject, rather than an artifact of general selection bias in the collection.

Table 2 - Top Enron Subject Headings - All Reports

Category	% Articles
International Economic	47.14
International Political	43.51
Domestic Economic	38.70
Leader	34.10
Domestic Political	30.06
Energy	23.43
Military	7.25
Crime	5.37
Terrorism	4.95

Of the 386 WorldCom reports considered above, 81 fell into the category of editorial or commentary works, as determined by the report transcriber. As seen in Table 3, these topical breakdowns were extremely similar to the whole, with international economic and political impacts still the most common subjects. However, the actions and reactions of world leaders featured more prominently in these reports, and the WorldCom scandal as a set of criminal actions was explored in slightly greater detail.

Table 3 - Top WorldCom Subject Headings - Commentaries/Editorials

Category	% Articles
International Economic	65.43
International Political	64.20
Leader	49.38
Domestic Economic	20.99
Crime	16.05
Domestic Political	14.81
Military	4.94

An important question is the degree to which coverage of WorldCom changed before, during, and after its 2002 collapse. Figure 5 shows the 9 primary subject headings used in WorldCom reports broken into three time periods: January 1999 to December 2001, January to December 2002, and January 2003 to June 2004. Coverage in the first period, when WorldCom was considered a healthy and viable company, focuses largely on its impact in the telecommunications market and its global economic impact. Over 60% of its coverage at this time centered on these two subjects. The domestic impact of WorldCom's ever-expanding reach was also a prominent area of discussion, with nearly 40% of reports mentioning the impact of WorldCom in their local market. Things took a drastic turn in 2002, with international policy taking center stage alongside international economic fallout, and several new categories emerging. The role of political leadership in allowing such corporate misdoing to exist became a hot topic in the international press,

with numerous reports either criticizing US President Bush and the Republican Party for its ties to Big Business, or lauding domestic leaders for their ability to keep such scandals from erupting in their own countries.

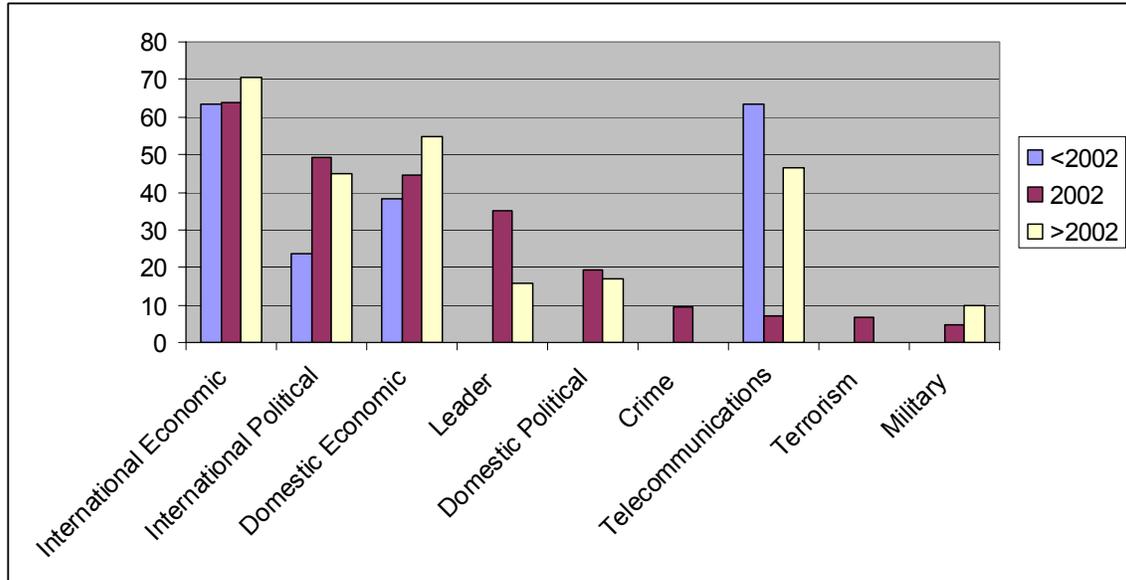


Figure 5 - WorldCom Subject Headings Before, During, and After the Scandal

Some nations were quick to draw contrasts between the US and their own economies which had been criticized by the US in the past, illustrating the inevitable jockeying that occurs when one actor is temporarily pushed from a favored position in the global marketplace. In a direct affront to the US financial reporting practices that allowed WorldCom to commit its fraud, the Russian chairman of the Federal Securities Market Commission was quoted as saying “efforts taken by Russian companies in the recent year and a half to increase transparency of their financial activity, to adopt norms of corporate government [were] key factors in ensuring the functioning of the securities market [in the aftermath of the WorldCom collapse].” (ITAR-TASS, 2002) The domestic economic impact was a grave concern among many nations, with Japan’s Prime Minister announcing the expectation of a negative impact on the Japanese economy due to the collapse, (*Koizumi sees negative impact*, 2002) while Japanese telecom companies wondered aloud about the possibility of a sudden halt of WorldCom-controlled services. (*Worries over effects*, 2002).

While not an overriding theme, foreign media did not entirely miss the chance to once again lash out at the capitalism of the West, as a commentary in Rome’s *La Repubblica* (Zucconi, 2002) illustrates quite vividly:

US President Bush...is endeavoring to do his bit in the world poker game being played by bluffing leaders who are being swept along in the world economy's derailment while pretending to be firmly at the wheel...[he] is not privileged to be able to hide behind the excuse of the US crisis, the course adopted by other

governments, because he is the United States... Beyond him, there would be nothing but an admission that the ideology of untamed globalism, capitalism running amok, has failed.

Reports on WorldCom's effects in the telecommunications market dropped to just 7% in 2002, overshadowed by its unfolding scandal. One of the few articles mentioning the company in the context of its telecom role described the battle India's major telecom (Videsh Sanchar Nigam Limited) faced in the aftermath of WorldCom's failure. At the time of its collapse, WorldCom carried nearly 60% of the international long distance traffic between India and the United States, and VSNL had built its US-India communications strategy around its large partner, leaving it reeling from the prospect of service loss and financial shortfalls. (*WorldCom Call*, 2002). Telecom providers were not the only actors affected by the sudden departure of such a large industry player. Equipment manufacturers were left holding huge inventories of equipment that had to be sold at significant discounts. An Indian trade magazine noted Indian optical fiber manufacturers were suffering, as companies purchased from European and US companies with steeply discounted unsold inventories. (*Surana Telecom*, 2002)

Of particular interest, however, is the surprising lack of reports focusing on the criminal aspects of the scandal, with just 9.5% addressing it in any fashion. It seems the majority of the foreign press simply accepted that illegal acts had been committed, and focused their energies on determining how the corporate climate had permitted them to occur and the risk of such activities occurring in their own countries. The year and a half following 2002's exit showed a slow restoration to normalcy, with a resurgence of telecommunications reports to 46%, but a continued elevation in reports on economic and political impact, particularly regarding domestic impact. Many countries were watching the US's response to the scandals very closely, exploring whether they needed improved corporate governance of their own at home. In a way, this behavior emphasizes how nations now look to each others' difficulties for lessons to apply at home.

WNC reports also include a list of major countries and geographic regions discussed. In total, 75 countries were mentioned in relation to WorldCom reports, with almost 70% of reports mentioning the United States in some form, and Japan and China tied for second place, with each claiming 12% of reports. The high level of East Asiatic response may be reflective of Asia's growing global importance and the impact foreign economic events now have on those markets.

Due to WNC's limited corpus of geographic regions, the country names were crosswalked into the United Nations subregional designators (Statistical Division, 1999) to allow for more fine-grained geographic analysis. The small number of articles from African countries led to them being combined into a single region, while the Caribbean, with only two articles, was merged into the Central America region. Since the agency which compiles WNC is prohibited by federal law from monitoring US media, the North American region includes only Canada. The resulting set of 13 regions and the percentage of WNC coverage from each region is displayed in Table 4. East Asia

contains such countries as Japan and China, while Western Asia includes Iraq, Israel, and several other Middle Eastern countries.

Table 4 - Breakdown of WNC coverage by region

Region	% Reports
Eastern Asia	19.16
Western Europe	13.68
Western Asia	13.68
South-Eastern Asia	12.39
Northern Europe	9.17
Southern Europe	7.24
South America	5.47
North America	4.99
Eastern Europe	3.86
Southern Asia	3.38
Africa	2.73
Central America	2.41
Australia and New Zealand	1.77

To reduce noise from isolated categorizations, only categories which were applied to 25 or more articles across all regions were included. This eliminated eleven relatively rare categorizations, such as Health, with just a single report, and Proliferation, with only 12. The resulting regional topical trends may be seen in Figure 6. In this graph, all reports from before, during, and after the collapse are combined together.

Surprisingly, the majority of coverage casting the collapse in terms of its criminal aspects is to be found in North America (Canada in the case of this data), reinforcing the notion of a Western press preemptively reacting to topics it believes to be most sensitive at home. Southern Europe also had a significant representation of reports on the criminal aspects of the collapse.

On a militaristic front, some regions of the world exhibited a strong trend towards tying the WorldCom collapse to the impending US invasion of Iraq, most notably in Western Asia and, to a lesser degree, Europe. A commentary in Moscow's *Izvestiya* argued the US intended to use an Iraqi invasion to restore its faltering economy (Maksimov, 2002):

The WorldCom corporation bankruptcy and the threat of collapse looming over the US stock market make an American military operation against Iraq virtually inevitable. It looks as though the George Bush Junior administration now has no other means left of saving the national economy....

Similar sentiment found its way into a Baghdad interview with the Iraqi Foreign Minister in 2003: (Iraqi Satellite, 2003)

There has been a huge deterioration in the US economy. Major companies declare bankruptcy on a daily basis. ... According to the political thinking of the

ruling clique in the United States, it should find an enemy in order to deflect attention from these domestic failures...

Going hand-in-hand with its military-themed coverage, Western Asia also proved a nexus for reports focusing on the international political ramifications of the crises. An article in Beirut's *The Daily Star* describes the United States as "a country that was leading the way in corruption, not good government" (Fleihan, 2002). Meanwhile, an Iranian commentary, calling the US the "very existence of the citadel of 'international capitalism'", paints the picture of a country in disarray, its political leadership "facing a crisis of confidence," and its international image shattered in the face of an "escalating wave of global hate and odium for White house policies." (Malakiyan, 2002). In fact, this is the only region where international economic issues do not comprise the majority of coverage, taking a back seat to political musings.

As Western Asia examined the external impact of the WorldCom collapse, South American media turned inward, to the domestic impact. The Brazilian press was quick to note that Brazilian telecom companies were subject to a regulatory agency "more forceful and stricter in overseeing telecom companies [than the US]" and hence would survive the market instabilities relatively unscathed. (Alves, 2002). Argentinean press noted the dire condition of developing South American economies even before the WorldCom collapse struck, (Naszewski, 2002) a recipe for disaster as investors became skittish and aid funds dried up. A Colombian article notes the severe destabilizing effect the collapse could have on its government, as "the economic outlook has turned grim...if public finances fall apart, Colombia's democracy will not be able to overcome the domestic conflict," (*An Empty Pot*, 2002). In fact, the self-perceived fragility of many of South America's fledgling capitalistic democracies is reflected in the region having the highest concentration of reports on domestic political impact.

Southern Asia was unique in that international and domestic economic impacts were nearly tied for percentage of coverage, and telecommunications reports actually eclipsed both by a small margin. The extremely high density of telecommunications coverage is a reminder of the explosion of telecommunications growth in this emerging market at the time and the dependence of many local and regional carriers on international links serviced by WorldCom. South-Eastern Asia, Central America, and Australia/New Zealand also focused noticeable amounts of their coverage on the telecommunications aspects of the collapse.

Reports focusing on the actions and stances of particular political leaders were the highest across Europe, with Western and Eastern Asia also featuring substantial coverage. A commentary in London's *The Guardian* compared it to "Wall Street's Watergate" and asked whether US President George Bush could survive in office for a second term given the rapid collapse of the US economy. (Elliot, 2002) Economic realities seemed to dominate in Southern Asia, with it having one of the lowest levels of international political reports and none focusing on political leaders. Overall, the European focus on political and possible military fallout from the collapse, together with its propensity for criticizing US political leadership, portrays a strong trans-Atlantic

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policy rift between the US and European bloc on this topic. While smaller in number, articles attacking President Bush's policies were no less biting in South America. A commentary in Mexico's *El Norte* noted "the end of socialism did not mean the victory of capitalism" and pronounced that, in light of the "network of corruption around the Bush family and the Halliburton Oil Company...the idea that the American system is one based on meritocracy and not on the Latin tradition of privileges among friends and people of the elite has vanished." (De la Paz, 2002).

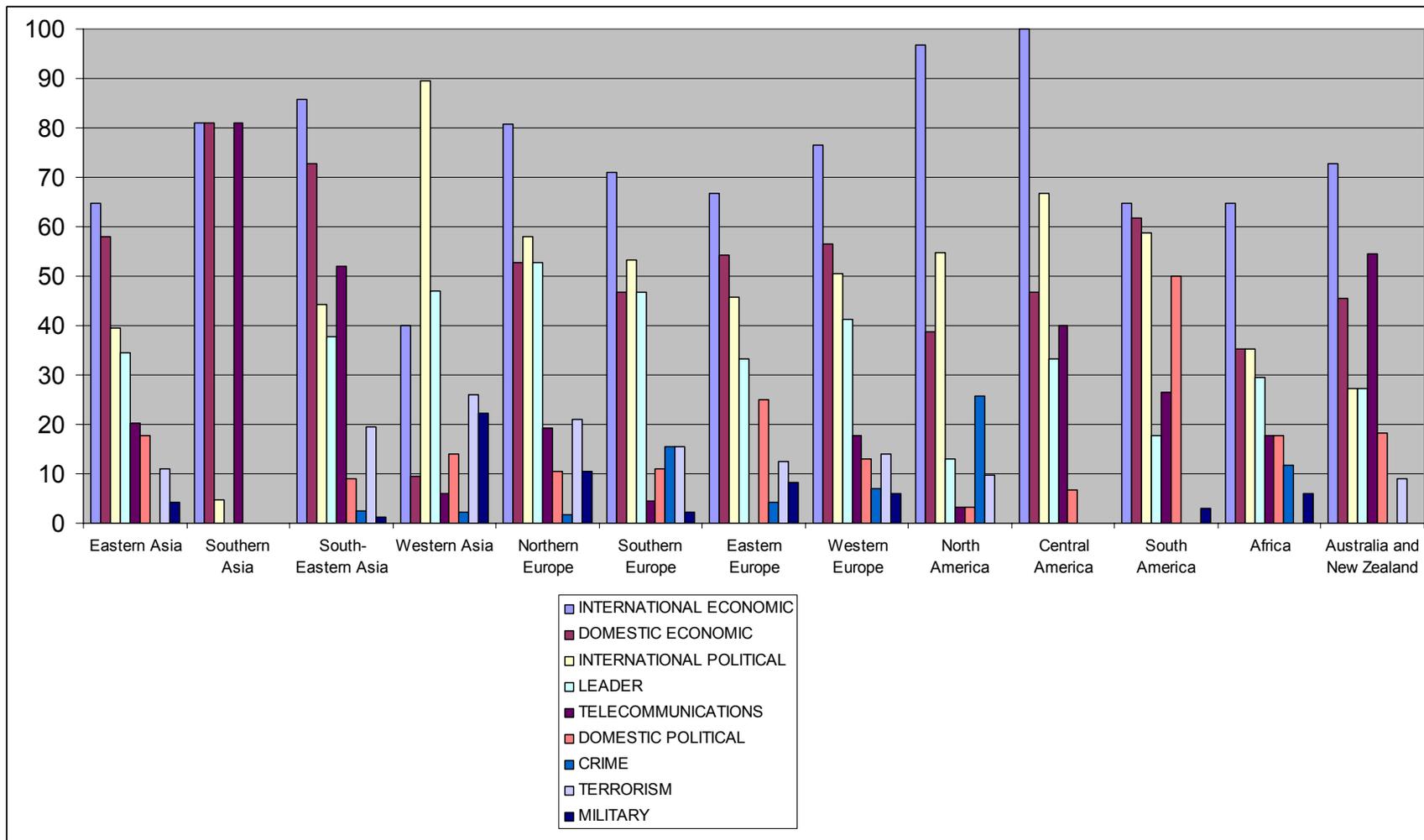


Figure 6 - Categories by Region (All Reports)

PUTTING IT ALL TOGETHER: CONCLUSIONS

WorldCom embodied success in its moment of glory, while it became the symbol of disgrace in its moment of defeat. Its story was not that of a good company come upon hard times, but rather a bedtime tale of an empire built upon corruption and fraudulent practices. The sight of Bernie Ebbers doing the perp walk has nearly faded from memory, replaced by newer scandals, but it must not be forgotten that at the brink of its collapse, WorldCom was the very symbol of the power of capitalism gone right, and, with its downfall, the posterchild of its possible evil. Its immense international presence ensured that its failure would garner attention across the world.

The effects of a globalized economy and the strong role WorldCom played in the telecommunications infrastructures of many nations ensured that WorldCom's collapse was felt in the press across the world. Taken together, Access World News and World News Connection offer the story of a global press reacting to the worldwide impact of the collapse of an international company. Economic impact, both international and domestic, was the most important topic, illustrating the latitudinous consequences that substantial fiscal events can have in this era of globalized economies. During the year of its collapse, coverage of WorldCom as a telecommunications actor dropped to an insignificant level, overshadowed by its unfolding economic scandal. WorldCom was iconic of the mighty American corporation, the pillar upon which the United States' economic power rested, suddenly brought to its knees. With the constant parade of the formerly invulnerable being exposed as nothing more than elaborate facades, the public was left wondering *what's next?*

Foreign media were quick to cast the event in terms of their own local context and perceived position in the global economy. Western Asia suggested the collapse would push the United States further towards invading Iraq for its oil resources, while South America pondered whether the economic fallout might push some of its fledgling capitalistic democracies to the brink. Southern Asia considered the domestic impact on its rapidly-growing telecommunications market, while Europe was quick to lay blame on the policies of political leaders and their parties. The high volume of Asiatic coverage, and its inward focus, was particularly interesting as those economies become ever-greater figures on the global stage.

While it might have been expected that many countries would use the scandal to launch fresh attacks on the US' capitalistic model, in fact the majority of coverage mentioning capitalism was from North American publications. This suggests a possible sensitivity to this issue among US and Canadian media, as they appear to have been the strongest voice decrying the scandal as a failure of the few rather than a systematic weakness of capitalism. However, many countries did take the opportunity to contrast the loose regulation of *big business* in the US and its close ties to political leaders to their local economies.

What we find in all of this is the ripple effect of globalization. A single event can cause a tidal wave of coverage around the globe, with each country, each region, each culture, finding a way to situate that event in the context of its own desires and fears, perceived strengths and weaknesses, and the issues that most concern it at any moment. When we seek to understand the deeper ramifications of globalization, we too often turn to quantitative economic data and ignore the qualitative stories that underly them, or turn only to a limited number of foreign media sources. Only through the use of open source intelligence products can we begin to fully appreciate the depth of these cultural differences and understand the myriad peripheral side effects linked to our never-ending push to bring the world together into a single global economy.

FUTURE DIRECTIONS

Initial indications suggest the topical orientation of coverage of the Enron collapse matched that of WorldCom very closely, suggesting a possible trend in the way the international press covers large corporate scandals. Future research will explore press coverage of other corporate scandals and whether it differs based on the home country of the offending company or its market, and whether there are substantial differences in print versus broadcast coverage of these events.

Another direction for future work includes the exploration of sentiment analysis in the context of foreign reaction to the WorldCom collapse. In particular, datasets such as the Dictionary of Affect in Language (Whissell, 1989) provide lexicons of the English language, with scores for each word of Evaluation/Emotion (how negative or positive), Activation (the level of energy expressed, such as “dislike” vs “loathe”), and Imagery (how easily conceptualized/visualized the concept is, such as “dissuade” versus “attack”). Sentiment mining refers to the use of such lexicons to generate an average score for each document representing its overall sentiment along these three vectors. Such analysis allows for the measurement of subtle differences in the tone in which an event is covered and will provide an even richer source of comparative data on international coverage of events and its ability to underscore regional differences in event impact.

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