

Fanning the Flames or Criticizing the Credit?

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Sandra Jacobs MSc MA

s.h.j.jacobs@uu.nl

PhD student

Utrecht University, Utrecht School of Governance (the Netherlands)

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Too little financial knowledge, too much sensationalism and thereby “fanning the flames of the crisis” (Bogler, cited in Schechter, 2009: 9; Kleinnijenhuis, cited in: De Bruijn, 2008). As these statements indicate, not only the banks and not just national governments are accused of having a hand in the financial crisis. Journalists who report about it are blamed too (Thompson, 2008). The questions that therefore arise are: what was and is happening with the behaviour of journalists in the financial crisis? How can this situation be explained? And, looking to the future, which possibilities for learning from this ‘journalistic crisis’ do exist? This paper will at first try to order the debate and after that come to an analysis and assessment of the roles journalists fulfilled in the financial crisis, followed by suggestions for the future.

Journalists and the financial crisis

Since the beginning of the (almost global) economic crisis, several actors are scrutinized for their role in it. Among them are also (financial) journalists who report on television channels and in newspapers in Western Europe and the United States. The way they reported on financial issues led to a fuzzy debate in which causes and consequences of journalistic behaviour in the crisis are intertwined. In this paper, consequences – thus the actual reports and behaviour of journalists during the financial crisis – will therefore be treated first. This happens from the perspective of the meta-process: the ongoing debate among journalists themselves, ‘media critics’ and third parties on the behaviour of journalists in the financial crisis. That debate focuses on media and journalists in (Western) Europe and the United States; not on specific countries, newspapers or television channels but more on general and international journalistic trends and behaviour. Not only accusations, but also responses will be treated. After that, an analysis of the factors that are lying behind media’s behaviour will be given. The paper will end with suggestions for lessons that can be drawn from the ‘journalistic crisis’ that followed the financial one.

What did journalists actually do in their reports on the crisis that led to the verdict ‘guilty’ by themselves and their critics? The first accusation is of neglecting dubious financial issues: “While coverage in Europe may have been better once the crisis erupted, there had been little reporting on, or questioning of, the large investments by European and Asian banks in sub-

prime securities, many based on shoddy and discriminatory lending practices” (Schechter, 2009: 5). Journalists were not as critical as necessary, as they spent time on reporting business personalities, instead of on how their earnings were created (Sterkman, cited in: Schechter, 2009: 7). In Europe, if reports focused on the crisis, they highlighted not merely the financial issues but the ‘problem’ was often politicized in terms of anti-Americanism. German news magazines for example depicted the torch of the Statue of Liberty extinguished, named “Der Preis der Überheblichkeit” (“The Price of Arrogance”) (Schechter, 2009: 5 and Der Spiegel 40/2008). Thus, financial practices that were probably problematic were seldom subject to critical reports.

When journalists actually reported about doubtful financial practices, the way these items were covered was disputable too. “Journalists have hyped stories and created panic” (Crossley-Holland, 2008). In Great Britain, they did so by reporting on the house prices, building up unrealistic expectations (Peston, cited in: Crossley-Holland, 2008). Media should deepen problems by their reporting style, as a former editor of the Financial Times states: “careless headlines or injudicious reporting risk becoming self-fulfilling prophecies of a very serious nature.” (Lambert, cited in: Wright, 2008). Also in the Netherlands, journalists should be reporting too sensational on financial items, while neglecting more optimistic messages (Kleinnijenhuis, cited in: De Bruijn, 2008). This can have serious consequences, as is indicated by Kleinnijenhuis in the Netherlands, who mentions a ‘chain reaction’: as the crisis (roughly) started in the United States, Dutch journalists reported about that and connected the credit crisis to their national institutions. That can serve as a strengthening effect: once connected to the crisis, it is difficult for companies to be disconnected (Kleinnijenhuis, cited in: De Bruijn, 2008).

Lastly, a paradoxical accusation is that journalists made too little efforts in translating from the financial to the readers’ world. By using sentences like “the state entered the market” or “globalization of power” journalists did not step out of the story they wrote about. They are thus responsible for a “world of misinformation” (Geuens, cited in: Spencer, 2008).

Thus, in sum, critics focus mainly on two issues: the attention for financial issues at all (too little or neglected) and, if covered, the style of reporting about these topics: too sensational while not realizing the consequences of the words and images, together with not having in mind their readers’ language.

Bringing some nuances

But what about the defense? Do journalists, their readers or critics stand up against these accusations? The replies are not numerous. Most reactions have a “don’t shoot the messenger” character, for example by saying that the crisis just is enormous (Springer, cited in: De Bruijn, 2008). Next to that, it is also said that although journalists did not predict the crisis – most other people did not so too:

“Journalists do best when reporting what’s happening and giving the news context and analysis,” he said. “We also do well when we look backwards and discuss past events from the perspective of the present. We do least well when we prognosticate. While our reporting and commentary did discuss potential weak points in the economy, we did not — and nor frankly could we — accurately predict the calamitous events of this year.” (Schlesinger, cited in: Wright, 2008)

Another side note is that not all media can be blamed to the same extent. This paper does not differentiate between several media because it treats the main lines of the debate; but taking shortly a closer look at criticism, some of it does actually not seem to focus on ‘media’ in general, but on financial journalists and journalism (Tambini, 2010: 158). Financial blogs on the internet for example were considered to provide a better and earlier coverage of the events, for example with providing historical parallels, than ‘traditional’ media (Lowe, 2009). However, most critics still do not seem to differentiate between different sorts of journalists and media and focus on general ‘trends’.

Despite that level of generalization, there are also geographical differences noted: European mass media are considered more critical than the U.S. ones: “you could say that business journalism was in bed with, or embedded, in the [corporate, SJ] institutions” (Hertzberg, cited in: Schechter, 2009: 8). Coverage in (Western) Europe was considered as a little more critical than in the United States (Schechter, 2009: 7).

Despite these replies, in general there is a reflective sense of “how did we miss it?” in the debate (Schechter, 2009). Thus, journalists more or less consider themselves ‘guilty’. Next to that, a side note to this debate is that it is often framed in general terms as ‘the media’ or ambivalent words like ‘sensationalism’. Using ‘media’ and thereby referring to a large body

of journalists and a large diversity of newspapers and television channels in the United States and Western Europe makes the debate very generalizing and hinders it to provide useful and specific solutions. Besides, it lacks nuance in the terms it uses, for example ‘sensationalism’ has a different meaning in national media cultures, as can be seen for example by comparing Great Britain and the Netherlands. The discussion is therefore not very precise in its domain (who is accused?) and in its focus, which hinders coming to good suggestions for the future. However, on the other hand the level of generalization is interesting because it indicates rough trends that occur at the same time in different countries. Not taking into account all specific exceptions enables discussants to spot general developments. These parallels between societies make it interesting to take a closer look at what factors drive the behaviour of journalists nowadays.

Backgrounds: opening the black box of media

Before turning to suggestions for the future, it is necessary to examine what factors and societal mechanisms are behind the journalistic behaviour that led to discussion. How could it be that journalists do what they did and why is that important to realize?

(Lack of) knowledge

Thus, what factors underlie journalists’ behaviour in the crisis? At first, there seems to be a knowledge problem with regard to items in the financial world. American and European journalists are blamed for not having enough knowledge to evaluate financial issues. This is seen as a cause of not questioning occurrences in the financial world. After all, how can items that are not understood, be critically analyzed? Journalists’ financial knowledge was considered as very thin and they therefore lacked critical judgment (Schechter, 2009). For financial and business journalists, the even more complex financial products and markets make the amount of journalists who are able to understand and scrutinize them, even smaller. Journalists are good at taking a look at a company at arms-length, thus investigating that single company; but placing this in a wider perspective and spot weaknesses is a skill they are less good at (Doyle, cited in: Tambini, 2010: 159).

Media logic

Media logic is a journalistic frame of reference that refers to “the assumptions and processes for constructing messages within a particular medium” (Altheide, 2004: 294). It is thus about the opportunities and restrictions, as well as more ‘in head’ assumptions that more or less

select, organize, determine and present certain themes and messages above others. For example, current affairs are in the ‘evening news’, rather than in a ‘situational comedy’ or parody (Altheide, 2004: 294). This logic, which tends to be “evocative, encapsulated, highly thematic, familiar to audiences, and easy to use” spreads via media institutions and their products (Altheide, 2004: 294). Altheide and Snow even state that the daily analysis of people occurs via media logic (Altheide and Snow, 1979: 236). Besides, media logic is closely interrelated with commercialism. Since media industry also applies a commercial logic, thus earning revenues with advertisements, newspaper sells and television ratings; this has consequences for the media logic – thus the selecting and presenting mechanisms – too: what happens is “mixing the structural constraints of media communication with the typical aims of commercial communication activity” (Mazzoleni and Schulz, 1999: 251). In the United States for example another factor plays a role, namely the “fear of lawsuits from businesses eager to silence or suppress ‘bad press’ in an era when so many wealthy companies have invested in sophisticated public relations” (Gittelsohn, in: Schechter, 2009: 9). Therefore journalists are reserved to ask tough questions.

The spread of media logic has major consequences for the interaction between citizens, politicians and journalists. For the behaviour of politicians, it means that political messages are more and more wrapped up in a media package: news sources, such as politicians, apply characteristics of media logic in their messages: “They simply provided the kinds of events that journalistic formats preferred, including the interview scenarios massaging content to suit” (Altheide, 2004: 294). Thus, instead of keeping the worlds of journalism and politics apart and thus naturally give room for critical reflection by journalists, media logic blurs them. Commercialism is also reflected, for example in the ‘spectacularization’ of occurrences (Mazzoleni and Schulz, 1999: 251). However, there are profound differences in the depth of the spread of media logic between the United States and Europe. The ‘soundbite syndrome’ for example, in which journalists speak for politicians instead of displaying their own words, is less common in European countries (Mazzoleni and Schulz, 1999: 251). Media logic is therefore able to transform relations between actors in society.

Mediatization as intermediate factor

Despite the fact that the spread of media logic has consequences for specific political communications, it also leads to more profound changes in the relations between politicians,

citizens and media. This process, called 'mediatization', can account for the impact media messages can have and thus indicates the importance of good operation by journalists. Analyzing the role of media in society, there is no doubt about the necessity of critical and independent journalists for a vital democracy. Newspapers, television programs and probably weblogs too are 'oil' between citizens and government. They provide each other of information about wishes, interaction and behaviour; thereby fulfilling a necessary prerequisite for a fluent democracy. On the one hand, citizens need newspapers and television as a main source to stay updated on political news and on the other hand they can express their opinions and points of view via these media. Politicians can be held to account by journalists on behalf of 'the people', but on the other hand politicians need media to stay in touch with their voters: they have an interest in being re-elected by citizens, or: the 'media consumers', as citizens are seen from the viewpoint of commercial newspapers and television channels. Lastly, media in general need readers and watchers and therefore broadcast and cover news that is considered interesting to their readers and watchers, among them politicians and voters or citizens.

However, this ideal type has probably never existed in any society. Nevertheless, it can be stated that media's position in society vis-à-vis government and citizens has been changing in the last decades. According to some critics, media's irresponsible nature implies risks for democracy, as "no constitution foresees that the media be accountable for their actions", which can distort the balances of power in democracies (Mazzoleni and Schulz, 1999: 248). Mass communication and new communication technologies are considered by some critics as being able to change politics in something different than as meant in a liberal democracy (Mazzoleni and Schulz, 1999: 248). However, those characterizations might be a bit apocalyptic-like. Nevertheless, media's position in society definitely seems to have changed. As Mazzoleni and Schulz in their article on 'mediatization' state: although media are not taking over political institutions such as governments and parties, they are increasingly intruding those (Mazzoleni and Schulz, 1999: 248). Media are no mirrors, but "rather, the media are organizations with their own aims and rules that do not necessary coincide with, and indeed often clash with, those of political communicators" (Mazzoleni and Schulz, 1999: 249). Because of the powerful position of media in society and politics, as above explained, their rules force political communicators to act according to these. This process, however in distinct speeds and forms, takes places in almost all democratic countries (Mazzoleni and

Schulz, 1999: 249). Thus, in short: in processes of ‘mediatization’, media are becoming more dominant in political and societal processes (Mazzoleni and Schulz, 1999: 247).

Despite the fact that Mazzoleni and Schulz estimate the current (European) situation as “‘media politics’ [which, SJ] does not mean ‘politics by the media’” (Mazzoleni and Schulz, 1999: 260), media’s position in the political domain is clearly influential. This underlines from a normative point of view the importance of responsible and accountable media actors and from an empirical perspective the risks we run when we live in a ‘mediated’ society and political system. As indicated by the above logic about the connections between politicians, media and citizens; media fulfill an ‘oil role’ by their provision of information to politicians and citizens, as well as a platform for both to interact. If media do not signal important developments in society, politics or – in this case – economics, this can lead to misinformation of the other actors. Politicians and citizens of course do have their own responsibility in being informed and critical on information, but mediatization makes it more difficult to step off the path. The discussion upon the reports on the financial crisis clearly indicates the risks: journalists do not know what in or how to scrutinize the financial sector and are thereby bound by vested interests of their advertisers. This resulted in misinformed citizens (Geuens, cited in: Spencer, 2008) and maybe politicians too. How can journalism learn from this experience?

Suggestions for the future

As the critics on media’s role in the economic crisis showed, an (alleged) lack of independence and knowledge, together with broader developments such as media logic and mediatization, can have severe consequences for media’s position in society and democracy. However, attributing (part of) the blame does not help to answer the question how the future of journalism and (reporting on) crisis should look like, or what lessons can be drawn from the reports on the crisis. Of course, there does not exist a straight ‘solution’ to make a new ideal-typical balance between spotting a crisis before it exists and at the same time not being too sensational; between reporting about difficult items while keeping readers’ and advertisers’ interests in mind; between covering politics while not promoting only one politician. Reports result from a chain of choices and are therefore no tailor-made approach to societal issues. With that in mind, still some directions for improvement do exist. These suggestions for the future have to do with stepping out of the comfort zone of journalism. This process occurs via awareness of the position of journalists between the actors and factors that

influence their work, followed by self-reflection on the consequences of this position and lastly being accountable for journalistic behaviour, thus the actual choices that are made in coverage.

In general, at the basis of the journalistic comfort zone is the explained media logic, which serves as an easy frame of reference to select and present (news) items, according to ascribed characteristics of journalists' public and which is closely interrelated with commercialism. Of course, newspapers have to make money and television journals need to have ratings in order to survive; that kind of structural changes in 'the way the world works' are not realistic on a short term. What can evolve is journalists' awareness of their position in between factors like their perception of what readers/viewers want to read or view, commercial interests, selection of news topics and style of reporting about these.

This 'awareness' can take the following form. An example is made for commercialism. In Western European countries and the United States, newspapers as well as television channels often depend for a large part on advertising revenues. This does not have to be a problem, as long as (financial) journalists reflect on the implications of commercialism in their environment: do we scrutinize 'the world behind' the advertisement thoroughly enough? Do some companies that advertise put too much weight on the scale between all the advertisers? How is our coverage style about the advertisers, compared to non-advertising companies? Asking this kind of questions when dealing with occurrences in the financial sector for example might lead to a self-criticizing mentality, which helps to report more balanced about companies that have an interest in the media organization and others that have not. For other environmental factors of journalists and their media companies, such as the perception of readers, the selection of news topics and reporting style; equal questions can be asked.

At the basis of awareness is knowledge of the world of interests behind the newspaper or television channel, but also about societal, economical, financial and political topics. Such a kind of a broad development is essential for journalism, since if you do not know that a certain sector or phenomenon exists; you can not scrutinize it. The need for education varies per theme. For example, finance seems to be a difficult topic: "Journalists need to be educated, or re-educated, in the dark arts of financial institutions" (Hutton, cited in: Schechter, 2009: 9). Knowledge and being able to make comparisons historically and through different sectors of society help to recognize dubious practices. Or, as Schechter indicates, financial

and media failures are interconnected: the former journalists cannot change, the latter they can (Schechter, 2009: 10).

Thus, after a journalist is aware of his position as spider in a web of interests and logics, the need for self-reflection arises. Another factor in a journalist's environment, namely readers, will serve as an example now. 'Awareness' questions that should be asked before self-reflection, are for example 'who are our readers or viewers?' and 'what do they want to know?', 'what style of reporting do they need in order to be correctly informed? Is that sensationalism, warning, or 'facts without interpretation?'. Not merely from a selling point of view, but from the viewpoint of information, of taking your reader seriously as a person you want to inform about what is going on in the world. The following self-reflection should critically reflect on whether the journalist fulfills these answers. A simple example: 'if we suppose that our readers are interested in news from each part of society, then why do we neglect macro-financial issues?'. However, 'the more you know, the more you know what you do not know' is a saying that also applies here. Journalists do and cannot know all developments. Despite that, the need to be aware of forces that play a role in 'making' news and evaluating choices that are made on the basis of these forces should be a basic value for journalists. What are the factors behind the news, is there something new behind the news that we miss in our reports – those questions are self-reflecting and should be asked after realizing what a journalist's position is between all interests that play a role in his work.

Lastly, the need of openness or transparency about this awareness and reflection is important. Considerations about the position of certain stakeholders and choices that are made upon these positions, as well as choices to depict news in a certain way should not be implicit, but be made explicit. Many newspapers do have the possibility for the editors to display their opinions, but a clear place for self-reflection and discussion in the newspaper or on the television channel (or via their websites) would make media more accountable to their readers and viewers. Decisions made can thus be discussed afterwards – as could happen now on reports on the economic crisis – or journalists could explain why they *not* reported about a certain topic or why they choose for a certain style. For example, the decision to cover financial news sensationally and inflammatory, or as Bogler puts it: "fanning the flames of the crisis" (cited in Schechter, 2009: 9), could after transparent critical reflection be turned into 'criticizing the credit' – thus a more analyzing attitude. Next to that, if journalists will know that they probably have to explain their choices, they might make other decisions because

they feel forced to reflect on their behaviour. Thus this kind of giving account of choices will probably make journalists more aware of their (implicit) considerations.

A further consequence of promoting explicit awareness, self-reflection and rendering account for journalists is that the reader or viewer also has to be activated. The possibility to discuss on journalistic choices afterwards can sharpen the selection and reports on news, as well as that it informs editors about what readers and viewers consider important.

Despite the fact that a lot of these suggestions seem to exist more or less in journalistic practices in the United States and Western Europe, the debate on the reports on the credit crisis indicates that there are still ways to improve awareness, followed by self-reflection and accountability by journalists and media. As already stated, this is not to say that all media are to the same extent neglecting these practices, but it is meant as a general way to improve coverage and thus the link between media, citizens and politics. Journalists that are more self-aware and account for their choices can act more independently from politicians and other actors, thus being more able to scrutinize them; but they are also in a better position to inform politicians about dangerous developments in society, such as dubious financial practices. Self-criticizing journalists inform citizens in a way more suitable to their interests, but those journalists are at the same time accountable for the choices they make: citizens can monitor the way news came about and give suggestions for future reports or themes. After all, it seems that the lesson that can be drawn from the 'journalistic crisis' that followed the financial one is that more self-awareness, critical reflection and rendering accountability by journalists probably gives journalism and media a more independent place in between politics and citizens and other interests, which benefits society as a whole.

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