

Book Review: The Media and Financial Crises: Comparative and Historical Perspectives edited by Steve Schifferes and Richard Roberts

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01/01/2015

This collection puts the role of the media in shaping our response to the financial crisis under the microscope. A recurring theme in the book is the inherent difficulty of a specialist financial press, with City sources and for much of the time a City audience, keeping a critical distance, writes Fiona Chesterton.

The Media and Financial Crises: Comparative and Historical Perspectives.
Edited by Steve Schifferes and Richard Roberts. Routledge. 2015.

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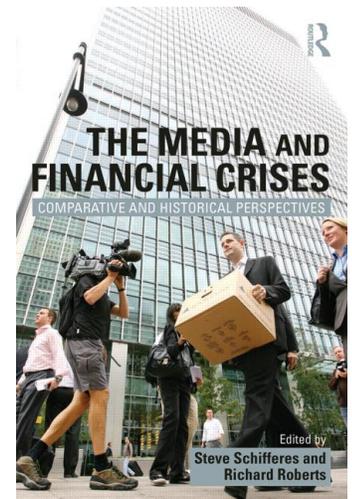
'Extraordinary Popular Delusions and the Madness of Crowds' could well describe the illusion of never-ending prosperity in the West that was cruelly exposed by the financial crisis of 2007-10.

In fact, as this timely collection of essays points out, it is the [title of a book](#) written by the Scottish journalist Charles Mackay in 1841. Setting the most recent example of human folly within a historical context is one of the useful functions served by the book, but rather begs the question as to whether we have in fact learnt *that* much from the lessons of history – let alone from the contemporary crisis which is the focus of this analysis.

The book's editors, [Steve Schifferes](#) from City University, London, and [Richard Roberts](#) of King's College, set some challenging questions for their contributors to consider. Did the financial press see the crisis coming? Did the press act as a cheerleader for the preceding boom? Does the press have a duty to report what it knows about the crisis, or should it exercise self-restraint to prevent panic? How did the financial press of the day get the story? Was it compromised by getting too close to bankers and policymakers as sources?

The authorial perspectives are varied; no surprise then that the answers are often contradictory. So the first couple of chapters pit two American commentators against each other: Dean Starkman, author of *The Watchdog that didn't Bark: The financial crisis and the disappearance of Investigative Journalism*, against Chris Roush of the University of North Carolina, whose chapter "Why the Media Got it Right" produces evidence that the dog did indeed bark, but the audience chose not to listen.

While both these opening chapters focus on the press, Steve Schifferes' own chapter (in conjunction with Sophie Knowles) on the financial crisis in the UK gives more attention to the television coverage, in particular, of the run on the Northern Rock bank. They suggest that those images of High Street queues had a powerful impact, including on Government policy. The journalist whose coverage arguably had the biggest effect, the BBC's Robert Peston, as this chapter reminds us, was the first to report that the Bank of England was preparing a rescue plan for the crumbling Rock. Despite Peston's assurances in commentary that there was no reason for savers to panic, that is of course what they did. Those photos of queues playing out endlessly on 24 hour news were more powerful than the words of reassurance. It wasn't long before the messenger was being blamed (a regular burden for journalists). Schifferes quotes from the 2011 memoir of Alastair Darling, former Chancellor of the Exchequer, that the BBC coverage 'set in train a course of events that was disastrous for confidence in the government's ability to manage the crisis' and from a 2007 speech by the then Governor of the Bank of England, Mervyn King, who it seems argued



for a 'gagging' clause in legislation that would allow the Bank to prohibit the publication of such sensitive information in the future.

This tension between press and Government at times of financial crisis is nothing new. The book's co-editor, Richard Roberts, in his description of the run on the Bank of England just before the outbreak of the First World War, found a prevalent culture of self-censorship in the press and of discreet Clubland chats between Editors and those in power. When the Stock Exchange closed for the first time in its history, three London papers finally ran front-page stories. But in a classic example of the messenger being blamed for the message, Roberts recounts how a newspaper boy, shouting the headline 'Run on the Bank' to the crowd in Threadneedle Street promptly got arrested!

In more recent times, politicians have become cannier at using the press to sound out policy options, or to play out political arguments. Duncan Needham's chapter on the IMF Crisis during the Labour Government of 1976 makes the case that the press played an essential role in how that crisis was resolved.

A recurring theme in the book is the inherent difficulty of a specialist financial press, with City sources and for much of the time a City audience, keeping a critical distance. The historical chapters as well as the contemporary ones repeatedly point to examples where financial correspondents had close, and in some cases, corrupt relationships with their informants. However, the book also demonstrates how tough it can be now for journalists to find independently verifiable information, and to understand, let alone challenge, increasingly complex and sometimes deliberately opaque accounting. As one contributor, the American academic and former adviser to President Clinton, Joseph Stiglitz, points out where information is power, increasingly it is in the hands of the powerful – the theory of information asymmetry, as he calls it. Relatively few journalists have either the economic or financial understanding or the time and resource to get under the skin of stories. Financial Times Editor, Lionel Barber, as well as Stiglitz, call for improved training for specialist journalists, including in economics, although this remedy may constitute a drop in the ocean, compared to the political, cultural, and economic barriers to consistent holding of global financial and corporate institutions to account.

Barber's overview, coming as it does from a practitioner, is worthy of particular attention. His is a nuanced and thoughtful view, but one grounded in the reality of what he calls the inherently flawed craft of journalism. He reminds us that the financial crisis started out as an incredibly technical story, where even the most eager journalists might find it difficult to interest their editors. 'I've got a great story about Collateral Debt Obligations – Hold the Front Page!' He also makes the case for a plurality of voices as well as expertise in commentary – surely a good prescription where it may be a lone wolf crying out against the market herd.

The next crisis – which will surely come – or indeed the most recent crisis coming back to bite us will be played out on social media – as well as on the pages and websites of the Financial Times, and the other traditional media. Will it be different next time? – I rather doubt it.

Fiona Chesterton worked as a Producer, Editor, and Commissioning Editor at the BBC and at Channel 4, primarily in News and Current Affairs. She was made a Fellow of the Royal Television Society in 2008. [Read more reviews by Fiona.](#)

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