

What is financial journalism for? A new report from Polis

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2008-11-14

For two years Polis has been working on a [Financial Journalism Report by Dr Damian Tambini](#). Now, Crash! it suddenly becomes very topical.

Click on this link to download the [Financial Journalism Report by Dr Damian Tambini](#)]

Report author Dr Damian Tambini has interviewed a range of journalists, financiers and regulators about the role of the news media in reporting the markets. He describes the ethics and practice of a sector of journalism that was going through profound ethical, commercial and editorial changes. And then the financial meltdown happened.

Now the questions are even more pressing. Why did we not see this coming? Or if some people did, why did they get ignored?

The report, titled “What is financial journalism for? Ethics and responsibility in a time of crisis and change” will be launched on Monday November 17th at 9am. The launch will be a seminar at the LSE to gather reaction from experts such as Gillian Tett (FT) and Professor Ed Wasserman (Washington University). If you want to come email us at polis@lse.ac.uk to reserve a seat.

The report says that financial journalists find it difficult to cope with the responsibility of predicting and analysing both regular financial news as well as the current global market meltdown. It looks at the wider context of financial journalism as well as reporting of the current economic crisis.

It looks at the role of key individuals such as the BBC’s Robert Peston as well as the different financial news media sectors.

It identifies four key problems:

1. The Speed Of Financial News
2. The Complexity of issues
3. The increased power of PR strategy
4. The limited resources of time and skill

The report says:

“Financial journalism faces a number of challenges currently; including pressure of speed due to 24hour news cycle; increasing complexity; PR strategies; sustainability; and the challenges of globalisation. Journalists have begun to respond, but the profession lacks a clear sense of purpose”

On the current crisis the report says:

“Whilst the root causes of the crisis appear to lie in the behaviour and regulation of banks and other investors, many have asked what role financial reporting may have played in the crisis, and whether the crisis would have been so sudden and deep if a different approach to the practice of financial journalism had been taken.”

The report calls for a new compact between financial journalism and the public:

“Those that seek a more responsible financial journalism should open a dialogue about how best to support that, through promoting access to key financial information for journalists, clarifying source protection standards and defamation risk. Given the business constraints financial journalists face, they will not be able to develop a new role in the global corporate governance structure without a re-assessment of the privileges that society affords them”

“there is a widespread sense that the traditional challenges of being a financial journalist; of not being used by your sources, of maintaining adequate scepticism, of being first without being wrong, are being redefined in the context of new technological, legal and commercial challenge”

Report author Dr Damian Tambini called on the financial media to review how it works:

“Financial journalists should reassess their roles and responsibilities and seek a new regulatory settlement. Those that want more from business and financial journalism should open a dialogue about how best to support that, through promoting access to key financial information to journalists, and clarifying source protection standards and defamation risk. Given the business constraints financial journalists face, they will not be able to develop a new role in the global corporate governance structure without help, and that means we urgently need to review the constraints they face in doing their important work.”

One big issue for me is group-think. All journalism is subject to groupthink. It could be argued that the financial markets themselves are prey to this. Indeed, that there are incentives for financiers that positively promote a herd mentality. The accusation against financial journalism is that it simply follows those crowds. As the report says:

“We think that there is a valid case to be made that, as societies, we have neglected the value of critical financial journalism. We believe that the time is right for a new compact between financial journalism and society. It is time for a much more serious analysis of the effects of new market systems, of new media and the state of financial journalism. This report is the start of that process.”

The report was based on a year’s research including interviews with financial journalists, experts, bankers and regulators. It is the initial paper in a major programme of work by the LSE’s media think-tank Polis.

Email us at polis@lse.ac.uk if you want a copy.

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