

Crash! the end of financial journalism?

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The financial crisis could be a wakeup call for journalism as well as the banking regulators. The best session at the [End of Journalism? Conference](#) discussed the coverage of the Great Crash. There is a tendency towards crass anti-capitalist triumphalism and 20-20 hindsight in this debate. But investigative journalist [Paul Lashmar](#) avoided that temptation in his presentation which outlined how we can find out what journalism should have found out.

He [asked](#) two questions for starters:

“...with the dominance of the current ‘churnalism’ news desk model, did the UK’s major media fail to apply investigative techniques to this important issue? – and are the mechanisms of the globalised financial markets now so complex and secretive that it is impossible for journalists to investigate?”

Paul has been digging around to find anyone who was expressing concerns in advance about the implications of the sub-prime crisis and the increased use of dubious derivatives.

He had a lovely quote from Bank of England governor Mervyn King on August 8th 2007 (just before the Northern Rock scandal broke) saying that there is ‘not much evidence about sup-prime spreading to the UK’. But he also pointed out that some people did predict trouble. Mega investor [Warren Buffet](#) said back in 2003 that derivatives were the financial equivalent of WMDs. But what about more journalistic types giving more specific warnings?

[Ann Pettifor](#) and [Gillian Tett](#) are two such voices. (interestingly, neither are conventional financial journalists). But there was not a build-up of criticism in the run-up to this crisis in the way that there was with the war in Iraq. And there was no whistle-blower to unveil everything as we got with Enron.

So is journalism not up to the job? And if so, was it lack of training? The dominance Financial PR? A lack of staffing? Or was it bigger factors such as the awesome complexity of the financial systems?

One interesting aspect to this is that there was critical ‘noise’ from financial bloggers but it never seems to have reached into the mainstream.

Polis will hold a seminar on financial journalism on November 17th where we will be submitting our background pilot paper on the issues. Email us at polis@lse.ac.uk if you wish to attend.

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