WHEN

By Fackson Banda

The ongoing global financial crisis has become a highly mediated event. The coverage of the crisis has given rise to questions about how media represent financial crises. And a more specific question is the extent to which the pattern of media ownership influences media representations.

Media institutions are part of the socio-political process and, as such, they are implicated in the relationships of power in which global capitalism operates. And media, as businesses, are embedded within the capitalist free market economy to such an extent that the dominant media discourses surrounding the global financial crisis reflect that structured relationship between the market and the media.

To demonstrate this symbiosis I did a critical analysis of discourses of the global financial crisis using the *Financial Times* as a sample of Northern media representations and *Business Day* as a sample of Southern media representations. My analytical framework is critical political economy which, in its simplest form, posits that power – in its economic, symbolic, coercive and political guises (Thompson, 1995) – structures media representations. Critical political economy is also concerned with the very real possibility of journalistic agency in the form of the executive autonomy of media practitioners. Even so, I believe that the media, as an institution, is so wedded to the free-market system of economics that its overall operational logic reflects that of the free market. However, I also believe that there is a possibility for media executives and journalists to assert independence of judgement.

I have used discourse analysis primarily to do this study because it enables one to "research questions concerning the construction of accounts, the performance of social acts through language, and the identification of the discourses and interpretative repertoires which we draw upon in our interactions and which also may have identity implications" (Burr, 1995: 164).

For my analysis, I selected editorial comments, opinion and analytical pieces, news reports, and letters to the editor. These would

December 2007

6 December
US President George W Bush outlines plans to help more than a million homeowners facing foreclosure. The Bank of England cuts interest rates by a quarter of one percentage point to 5.5%.

13 December
The US Federal Reserve co-ordinates an unprecedented action by five leading central banks around the world to offer billions of dollars in loans to banks. The Bank of England calls it an attempt to "forestall any prospective sharp tightening of credit conditions". The move succeeds in temporarily lowering the rate at which banks lend to each other.

17 December
The central banks continue to make more funding available. There is a $20bn auction from the US Federal Reserve and, the following day, $500bn from the European Central Bank to help commercial banks over the Christmas period.

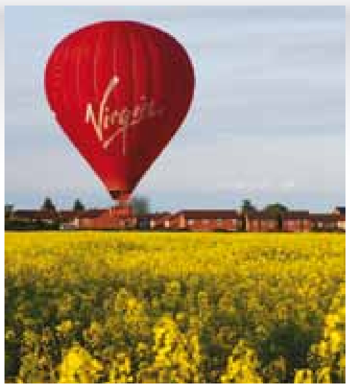
January 2008

21 January
Global stock markets, including London's FTSE 100 index, suffer their biggest falls since 11 September 2001.

22 January
The US Fed cuts rates by three quarters of a percentage point to 3.5% – its biggest cut in 25 years – to try and prevent the economy from slumping into recession. It is the first emergency cut in rates since 2001. Stock markets around the world recover the previous day's heavy losses.

7 February
US Federal Reserve boss Ben Bernanke adds his voice to concerns about monoline insurers, saying he is closely monitoring developments "given the adverse effects that problems of financial guarantors can have on financial markets and the economy". The Bank of England cuts interest rates by a quarter of 1% to 5.25%.

17 February
After considering a number of private sector rescue proposals, including one from Richard Branson's



Virgin Group, the government announces that struggling Northern Rock is to be nationalised.

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represent, in my view:

- the ideological-institutional voice of the newspapers, through editorial comments;
- the establishment thinking about the crisis, through opinion and analytical features; and
- the generality of public opinion, through news reports and letters to the editor.

The material deals with the period from September to November 2008.

Business Day, a publication in the Avusa stable and with business connections to Pearson PLC, offers coverage of business, politics, labour and other current affairs. With a daily readership of over 120 000, *Business Day* has a circulation of 41 591 copies. It is clearly a good example of a newspaper that targets a 7-10 LSM bracket. Largely to reflect this class demographic, it is likely to use sources of news and information who are locked into the capitalist structures of South African society. Indeed, it is clear, from the sources cited for most analyses of the global economic crisis, that the newspaper foregrounds the voices of the elite capitalist establishment sources. These include: the Ministry of Finance, the Reserve Bank, experts (Stanlib, Cadiz African Harvest, Nedbank, Investec, etc), investors and academics.

Many of the representative voices for marginal discourses are not given agency. They are not referred to by name, rendering them amorphous and invisible. For example, the leftist agenda is represented in terms of "the ANC's left-wing allies". It would appear that the ANC – as a representative of business capital – is accredited with agency much more than its "allies".

The *Financial Times*, a newspaper also owned by Pearson PLC, is a typical example of a media product embedded in the rarefied environs of finance capital. With an international circulation of over 448 241, and facing competition from the *Wall Street Journal*, it is not immune to the ravages of the global financial crisis. Although the newspaper's political allegiance is arguably economic liberalism/social liberalism, it still remains avowedly married to the capitalist free-market system.

In general, the press is constituted by and constitutive of the capitalist business system. When money markets go haywire, media businesses go haywire. As a result of the ongoing market volatility and credit crisis, newspapers across the US have been reducing staff through attrition, buyouts or layoffs. In South Africa, newspapers and magazines have registered lower circulation figures as a result of the credit crunch which has forced the target "middle market" to cut down on "luxuries" ("Newspaper, magazine circulations fall on tough times", *Business Day* 14 November 2008: 5).

Framing the discourse

A useful analytical framework for analysing these media representations is the political-economic propaganda model expounded by Chomsky and Herman. The model focuses on the inequality of wealth and power and its multilevel effects on mass media interests and choices. It traces the routes by which money and power are able to filter out the news fit to print, marginalise dissent, and allow the government and dominant private interests to get their messages across.

Although the model can be criticised as to the extent to which it can be applied across time and space, it does resonate within the context of a free-market capitalist economic system embraced by the ANC. The ANC's shift to market fundamentalism is evident in the way it morphed from the Reconstruction and Development Programme (RDP) to the World Bank-inspired Growth, Employment and Redistribution (Gear) development agenda.

There is some evidence, based upon the analysis of *Business Day*, to indicate a measure of commensurability between the newspaper's institutional-production context and some aspects of the propaganda model. Clearly, the discourse of poverty alleviation, as championed by the South African Communist Party (SACP), for instance, is almost always juxtaposed by the discourse of macro-economic stability epitomised by Trevor Manuel's "fiscal discipline". One analysis actually equates Trevor Manuel with market stabilisation. According to an edition of *Business Day:* "The market response to Manuel's brief period of unemployment before President Kgalema reappointed him to the cabinet told the ruling party in no uncertain terms that it messed with the economy at its own peril, and Manuel's medium-term budget made clear that he will not compromise on his principles, and judging from its most recent statements it appears the pragmatists will prevail, despite calls from within the alliance for 'a jump to the left'" (*Business Day* 25 October 2008). This reification of the free market typifies the dominant discourse of the newspaper.

Discourses of the financial crisis

In analysing how the *Financial Times* and *Business Day* frame the global financial crisis, three discourses are discernible in their representations. These are:

- the consecration of the free market;
- a triumphalist nationalist economic conservatism; and
- a critical attitude towards the "irrational" transformationalist agenda

The consecration of the free-market system

In both the *Financial Times* and *Business Day*, it is evident that the dominant discourse remains one of the sanctification, consecration and glorification of the free-market system. Both papers take it for granted that the free market is here to stay and that discussions can only centre around how it can be restructured for greater systemic and operational transparency. The foregrounding of this dominant discourse is accomplished through a range of rhetorical devices, such as shared responsibility for the global financial crisis. In other words, Wall Street, Main Street, the government, regulators, "corrupt" fat cats, media, etc. are *all* responsible for the collapse of the financial sector and therefore resolving the crisis must be everyone's responsibility. A second rhetorical strategy involves the constant thematising of "less government intervention". With this reasoning, the US credit crunch, for example, was because the "government intervened in financial markets by monetary policy, subsidies, state-owned companies and regulations" ("World needs less government intervention" *Financial Times* 27 October 2008: 8).

A third strategy is to ratchet up the so-called "feelgood factor". Typical of the "feelgood factor" is the following *Business Day* representation of South Africa's economic performance in the wake of the global credit crisis: "SA's banking sector is… in relatively good shape considering it is mostly domestically owned, well capitalised and well managed with relatively low levels of bad debt, albeit on the rise" ("Slowdown puts global markets on defensive", *Business Day* 24 October 2008).

It is clear that media businesses, as interested parties, are eager to portray a more positive economic outlook as a way of managing public or investor perceptions. This is likely to result in less investor panic, thereby guaranteeing the share prices of those companies in which the proprietors and managers of *Business Day* might have a stake.

Triumphalist economic conservatism

This second dominant discourse is more closely associated with *Business Day*. This emanates from the idea of respect for a self-regulated banking sector encased within a conservative banking policy framework that constrains what Manuel called "unviable financial institutions" ("State to protect SA banks if hit by crisis – Phosa", *Business Day* 15 October 2008). The newspaper thus foregrounded the theme of government's so-called "recognisably prudent, economically conservative" policies with which businesses had become comfortable over the past 14 years. Put differently, *Business Day* represented South Africa as having "a strong financial position, with a budget surplus, low government debt, low debt-servicing costs and an extremely low risk of default" ("Slowdown

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March 2008

17 March

Wall Street's fifth-largest bank, Bear Stearns, is acquired by larger rival JP Morgan Chase for $240m in a deal backed by $30bn of central bank loans. A year earlier, Bear Stearns had been worth £18bn.

April 2008

8 April

The International Monetary Fund (IMF), which oversees the global economy, warns that potential losses from the credit crunch could reach $1 trillion and may be even higher. It says the effects are spreading from sub-prime mortgage assets to other sectors, such as commercial property, consumer credit, and company debt.

10 April

The Bank of England cuts interest rates by a quarter of 1% to 5%.

21 April

The Bank of England announces details of an ambitious £50bn plan designed to help credit-squeezed banks by allowing them to swap potentially risky mortgage debts for secure government bonds.

22 April

Royal Bank of Scotland announces a plan to raise money from its shareholders with a £12bn rights issue – the biggest in UK corporate history. The firm also announces a write-down of £5.9bn on the value of its investments between April and June – the largest write-off yet for a British bank.

30 April

The first annual fall in house prices for 12 years is recorded by Nationwide. Prices were 1% lower in April compared to a year earlier after a "steep decline" in home buying over the previous six months. Later in the week, figures from the UK's biggest lender Halifax, show a 0.9% annual fall for April.

May 2008

22 May

Swiss bank UBS, one of the worst affected by the credit crunch, launches a $15.5bn rights issue to cover some of the $37bn it lost on assets linked to US mortgage debt.

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puts global markets on defensive", *Business Day* 24 October 2008).

It is clear that this is all part of the ANC's strategy of managing the possible flight of capital from South Africa. In this way, the discourse assumes a nationalist macroeconomic regulatory triumphalism. The representative figure of this financial stability is Trevor Manuel. He was the personification of the voice of reason and pragmatism, and not of populist ideology. All other positions on the economic questions that face South Africa are expurgated or dissimulated at best as "ideology" and at worst as unworkable. Take, for example, the vocalised agency credited to Manuel: "When we chose to budget for a surplus, it was not because of any ideological position. It was the right thing to do in the economic circumstances… If our economic policies were designed for their populist appeal, if we tried to finance everything at once, for everybody, then short-term gains would quickly give way to long-term misery ("Crisis will push SA into deficit next year", *Business Day* 22 October 2008).

What the newspaper does not say is which segment of the population finds Manuel's macroeconomic policy appealing. Neither does the paper give agency and voice to the propagators of a budget deficit, such as SACP which would rather the budget surplus was used for legitimate social causes, such as poverty alleviation. The fact that these voices are backgrounded and rendered agent-less, reduces them to the margins of media discourse about the global financial crisis and its implications for South Africa.

The "irrational" transformationalist agenda

For both newspapers the transformation of the neo-liberal financial and economic architecture is a marginal issue. Gordon Brown's call for globalising the regulation of global finance is represented as one of the "grand claims, but only tired ideas" (headline in *Financial Times* 17 October 2008). This particular editorial comment comes out in explicit support of the International Monetary Fund (IMF), arguing that: "IMF staff might also point out that, despite repeated attempts by Mr Brown's Treasury to influence their public pronouncements on the UK economy, they did repeatedly warn him about the threats from the build-up of credit and the housing boom – and were ignored. Transparency begins at home."

This expurgation of the transformationalist agenda is embraced by the newspaper in many other interesting ways. While the newspaper does feature the clamouring for regulatory change, largely because it must adhere to a degree of objectivity (see, for example, Lawrence Summers' comment "The pendulum swings towards regulation", *Financial Times* 27 October 2008: 9), it represents such clamouring in less radical terms than those suggested by Brown and France's Nikolas Sarkozy. To cite Summers: "All of these considerations suggest that the pendulum will swing – and should swing – towards an enhanced role for government in saving the market system from its excesses and inadequacies. Policymakers need to be attentive to potential government flaws as well. For example, they need to recognise that, even as events compel larger deficits in the short run, they reinforce the need for longer-term measures to keep government finances on a sound footing."

The *Financial Times*, in apportioning blame for the problems facing the free-market economic system, argues: "The current crisis, while undoubtedly global in nature, did not arise from a failure of co-ordination. It arose because regulators and policymakers in a variety of countries… made similar mistakes. They allowed credit growth and housing booms to spin out of hand and they failed to understand the risk from toxic derivatives."

This is reiterated by *Business Day's* attempt to suggest in a headline that "Too much faith in regulation can be bad" (*Business Day* 31 October 2008). In other words, by foregrounding state intervention as anathema through an editorial comment and an analytical piece respectively, the *Financial Times* and *Business Day* are hoping to highlight the need for greater self-regulation of the banking and financial sector. *Business Day*, by foregrounding an analytical piece on the subject, makes this case more pointedly: "Free markets, like free societies, may sometimes throw up terrible things. Not too many people suggested abandoning democratic elections because they once brought Adolf Hitler to power. Nor should one abandon the immensely creative force of capitalism because it sometimes wreaks havoc. The trick is to put in place the right regulatory safeguards, constitutional and political as well as economic and financial."

Disengaging media from market

It is evident that the media, when structurally and operationally locked into the market, compromise their independence of judgement. For example, the reporting surrounding the rise and fall of Enron demonstrates how capitalist media can become so locked into the inner recesses of capital as to lose their watchdog role. A breakdown in checks and balances encompassed not only Enron's auditors, lawyers and directors but also groups monitoring Enron like regulators, financial analysts, credit-rating agencies, the media and Congress (Irvine and Kincaid, 2002). While the press took note of Enron's high political profile and ties to the Bush campaign in 2000, the company's financial profile in the media was largely flattering. An exception was the *Fortune* article by Bethany McLean which delved into the sources of the company's profits. Her piece "Is Enron Overpriced?" went largely unread (Cornwell 2002). It was not until the unexpected resignation of a top Enron official that the tone of the coverage became critical. That collective blindness on the part of the business press was largely because market forces drive the business media to behave that way (Dyck and Zingales 2003). Companies use their power to turn on or off journalists' access to privileged information. In turn, journalists make a cost-benefit analysis about the price of that access in terms of what it takes to remain in the good graces of corporate insiders. As a consequence, a structured collusion emerges.

This has implications for journalists. Firstly, there is need to be conscious of how the structured relationship between media and markets can blunt the sharp edge of the journalistic knife. This consciousness is a step in the right direction. Only then can journalists attempt to disengage strategically.

Secondly, there is a need for journalists to hone their investigative skills, particularly in basic accounting and in asking questions about how money is actually made, how staff are managed, what environmental practices are in place, what the relationship between board and management is and how regulations are adhered to.

THE REPRESENTATIVE FIGURE OF THIS FINANCIAL SOLIDITY AND STABILITY IS TREVOR MANUEL. HE IS THE VOICE OF REASON AND PRAGMATISM, AND NOT OF POPULIST IDEOLOGY. ALL OTHER POSITIONS ON THE ECONOMIC QUESTIONS THAT FACE SOUTH AFRICA ARE IDEOLOGY OR UNWORKABLE

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June 2008

June 1

South Africa's National Credit Act, an example of the kind of regulation that might have prevented the sub-prime crisis in the US had something similar been in force, comes into effect.

July 2008

14 July

Financial authorities step in to assist America's two largest lenders, Fannie Mae and Freddie Mac. As owners or guarantors of $5 trillion worth of home loans, they are crucial to the US housing market and authorities agree they could not be allowed to fail. The previous week, there had been a panic amongst investors that they might collapse, causing their share prices to plummet.

September 2008

2 September

In an effort to kick-start the UK housing market the Treasury announces a one year rise in stamp duty exemption, from £125,000 to £175,000.

7 September

Mortgage lenders Fannie Mae and Freddie Mac – which account for nearly half of the outstanding mortgages in the US – are rescued by the US government in one of the largest bailouts in US history. Treasury Secretary Henry Paulson says the two firms' debt levels

posed a "systemic risk" to financial stability and that, without action, the situation would get worse.

10 September

Wall Street bank Lehman Brothers posts a loss of $3.9bn for the three months to August.

15 September

After days of searching frantically for a buyer, Lehman Brothers files for Chapter 11 bankruptcy protection, becoming the first major bank to collapse since the start of the credit crisis. Former Federal Reserve chief Alan Greenspan dubs the situation as "probably a once in a century type of event" and warns that other major firms will also go bust. Meanwhile, another US bank Merrill Lynch, also stung by the credit crunch, agrees to be taken over by Bank of America for $50bn.