MEASURING UP

CAROLINE SOUTHEY EXTRACTS LESSONS FROM THE FLAWS AND INADEQUACIES OF THE MEDIA'S ROLE IN RELATION TO THE ECONOMIC CRISIS

The biggest financial story since the market crash of 1929 has provoked passionate debate in some countries on the role of the media and whether journalists were villains or victims in an economic drama that began in the US and then enveloped the world.

In the one camp are those who believe that business and financial journalists failed to read the signs of the impending financial meltdown. This view holds that journalists were "asleep at the wheel", in the words of *Financial Times* editor Lionel Barber. In the opposing camp are those who argue that journalists did what they were supposed to do and raised the red flag consistently before events reached crisis point.

Chris Roush, writing in *American Journalism Review*, argued that "the business media in 2008 serve as a welcome scapegoat for those who simply want to ignore their own culpability in the financial meltdown. But it's a bad rap. The problem isn't that the business media were dazzled by soaring real-estate prices and Wall Street profits and failed to see rot beneath the surface. Rather, it was that government regulators and the general public weren't paying attention."

Allan Sloan, a *Fortune* columnist and one of America's top journalists is of the same view. Quoted in the *Review* article, he said: "The fact that housing was a bubble was printed millions of times. This is one time that we did what we were supposed to do."

In South Africa the debate about the role of the media has been much more muted. This is partly because the South African media is, generally speaking, far less self-reflecting and critical than America's. It is also true that South Africa, along with other developing economies, was an observer rather than a participant in the lead up to the final meltdown and a global recession.

The absence of a debate is a pity because some of the issues pertinent to an analysis of the media's role in countries at the centre of the crisis are also relevant to economies that felt only the aftershocks.

A cursory look at the main criticisms leveled against the American and British media confirms this. Stories warning of the pending crisis were often driven off the front page or knocked off television news bulletins either because they were considered too technical or because the stock market was booming and euphoria was sexier than bad news. Journalists didn't pursue negative stories because they feared they would offend their sources. Journalists believed banking executives and regulators who kept assuring them that risks were dispersed and therefore under control. "We didn't do a good enough job going against the grain," the FT's Barber said in a lecture at Yale University.

This is undoubtedly true of the media in South Africa too. Months into the crisis, the South African media were largely uncritical in their reporting of the official government view that the crisis would have minimal effect on this economy. It was only after data began to show that this was not the case that the truth emerged.

Similarly, the media remained tight-lipped about the distress felt by South Africa's banks in the aftermath of the dramatic events precipitated by the collapse of Lehman Brothers in September last year. It is true that neither the Reserve Bank nor the banks themselves wanted the public to know the extent of the distress in the market. Nevertheless, the role of journalists goes beyond what those in authority might or might not want published.

The South African media also fell into the trap of opting to lead with a sexier story (Jacob Zuma's battle for the presidency), rather than the more technical stories about collateralised debt obligations and the liquidity crunch. The uncomfortable truth is that the liquidity crunch has had a much more dramatic effect on the lives of ordinary South Africans than Zuma's eventual ascendancy to power.

But to extract any lessons from this it is necessary to cast the analysis wider and to look at the role of the media, in general. Michael Schudson in his book, *Why Democracies Need an Unlovable Press*, argues that the media should: inform, act as a watchdog, provide analysis, engender social empathy, serve as a public forum and mobilise public opinion.

It could be argued that it is unfair to expect the media to have fulfilled all these roles given the technical nature of the causes and the consequences of the financial crisis. But it is precisely because of the complexities of the issues that journalists had a particularly important role to play in explaining difficult concepts.

As the *Washington Post* media reporter Howard Kurtz put it: "These were really difficult issues to convey to the popular public."

In addition, the crisis highlighted how important it is for the media to provide analysis, adequate public platforms for debate and the mobilization of public opinion.

Judging the performance of the media against Schudson's list it would be fair to conclude that their coverage of the financial crisis fell short on a number of scores. The journalists who did shine were those that cut through the clutter, abandoned the jargon and the sham of their sources and wrote about the unfolding events with empathy and insight.

May 2009

May 26
Statistics South Africa reveals that South Africa's economy contracted by 6.4%, confirming that South Africa has joined many other countries in being in recession, the first for South Africa since 1992.

June 2009

1 June
The world's largest carmaker, GM, enters bankruptcy protection after bondholders agree to a deal that means they lose 90% of their money. The US government loans the company an additional $50bn.

9 June
UK unemployment rate rises to 7.1% with 2.22 million people out of work in the first three months of 2009, the ONS says.

10 June
Global oil consumption fell for the first time since 1993 in 2008, according to BP's global energy outlook, in another sign of the depth of the recession. Ten of the largest US banks say they will be able to repay the US Treasury the money they were lent under the TARP bail-out in October. The banks would have faced restrictions on executive pay.

11 June
Japan's economy contracted at an annualised rate of 14.2% in the first three months of 2009, a record rate of decline.

July 2009

July 29
Statistics South Africa reports the South African economy shed 267,000 jobs in the second quarter, bringing cumulative job losses in the first half to almost half a million. The official jobless rate rose only slightly to 23.6%, but the labour market itself has shrunk to 17,5-million from 17,8-million in the first quarter, as more people became "economically inactive".