



Associate!

A MONTHLY DIGEST FROM THE WORLD OF ASSOCIATIVE ECONOMICS

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THEME

Prophets and Profits

Challenging Financial Journalism

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ONE-WORLD ECONOMY

Humanity is now part of a one-world economy. Despite diverse interpretations of this fact ranging from 'alternative' to neo-liberal, the challenge is to reach an understanding of today's economy that all can 'own'.

ASSOCIATIVE ECONOMICS

Non-partisan and based on the idea that economic life is the shared responsibility of all human beings, associative economics aims to play its part in this great task.

RUDOLF STEINER

Associative economics recognises its debt to Rudolf Steiner, whose insights make a valuable contribution to the task of developing a modern humanity-wide economy.

Among the Soothsayers and Cheerleaders

Arthur Edwards

Bankers, politicians and economists have gradually admitted liability for their role in the financial crisis, but what of financial journalists? Are they not also complicit in the perceived 'failure' or at least misunderstanding of finance widely purveyed by its protagonists? Last December, a British Academy international symposium explored this question by examining media coverage of the global financial crisis. Organised by the Department of Journalism at City University, London and the Institute for Contemporary History, King's College London, it brought together key commentators, financial professionals and political advisors to consider the link between the media and finance from a variety of comparative and historical perspectives.

This was a fascinating event. Benefiting from hindsight, big-hitting speakers shed light on the errors they and their organisations had made. All disavowed the traditional consensus that "the more risk was dispersed and hedged, the less risk to the system." Some even admitted, "we were all deluded," and there was a consensus that we are not yet at the end of the beginning of the crisis, which has moved from "private mortgage issues, to public balance sheets, to private financing." Frank discussion was encouraged by the use of Chatham House Rules (that views expressed cannot be ascribed to individuals), so what follows is an assemblage of the insights shared.

The general mood of the event was confessional, few argued that everything that could have been reported had been reported, but the analysis varied from a defensive stance ("we are either criticised for being cheerleaders or doom-mongers") to the view that financial journalism needs a wholesale review of the way it interacts with, analyses and describes the financial sector. A number of instances were cited of collective failure of financial journalism, ranging from the blandly obvious to the subtly esoteric – as 'high finance' is often described. On the whole, participants saw the ideal role of journalists as 'canaries in the mine', whose job was to stop singing (because they had dropped down dead!) when they smelled poison gas (a.k.a. toxic investments).

Insider Trading and Private Information

Various cases were cited of journalists practising a form of insider trading by touting the shares that they themselves were speculating in. This is obviously criminal, but it was also pointed out that many writers are caught up in the investment bubble because they themselves have mortgages, save in pension funds and own property. When they act as cheerleaders of the boom time, they are compromised by a conflict of interest. So, too, however, are those cheered on: the readership of most of the journalistic output (as also its advertising sponsors) are playing the same game. Given this shared 'distraction', it was acknowledged that what happened was more serious than simply "taking our eye off the ball." 'Written for the City by the City' (or by Wall Street for Wall Street), the generality of the financial press is seen as speaking to a private community concentrated in financial districts, rather than representing a view that speaks to humanity at large. Indeed, even if one accepts that the role of the financial press is to keep readers informed about their investments, it is still the case (as various presenters showed through their research studies) that the information that moves markets is almost never of a public kind or even deriving from specialist newswire services. It is most often insider sentiment that makes markets.

Cultural Co-option

The problem of herdism among journalists was given some attention – meaning the tendency to follow or be dependent on explanations of events that simply reflect authorised views. This phenomenon finds particularly crass expression when the news stories and analysis themselves not only derived from institutional press releases but are very often simply a mere restating of them. This could be laziness or it could be a cultural phenomenon: getting too close to one's sources or "going along to get along." Formal quantitative studies of financial news stories show that the overwhelming majority of quotes come from within the financial sector, where there is an expertise in how to run a press office. Conditional access to information is often implicit. Journalists become

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