Trust-meltdown for business journalism

Steve Schifferes

A poll shows consumers think coverage of the financial crisis lacks objectivity and independence – and they don't like economics jargon

The global financial crisis which began in 2008 shows few signs of abating as it enters its fourth year. With Europe in turmoil, the UK in recession and the U.S. recovery faltering, the financial media is still playing a central role in shaping our understanding of the fiscal disaster. As the economic news has increasingly dominated the front pages, the global meltdown has been a real test of the mettle of the financial press. Unfortunately business journalists are failing that test – at least according to a large section of the public. A major opinion poll carried out by ICM for City University's Department of Journalism provides a unique insight into public attitudes towards the business media. In our survey, only half the public was satisfied with the media coverage of the economic crisis. Even more disturbing for journalism, many people display a deep level of mistrust in the objectivity of business journalists, their reliance on biased sources, and their lack of understanding of the concerns of ordinary people.

It is not that the public is uninterested – far from it. Despite the complexity of the euro-crisis, 75 per cent of people said they were following news about the state of the economy closely – levels that are similar to those observed during the collapse of Lehman Brothers in September 2008. There is little evidence of "crisis fatigue" despite the length of time the crisis has gone on. But the opinion poll research suggests that the public wants a different kind of coverage from that it is currently getting. Overall, the audience wants less coverage of how the crisis might affect more affluent

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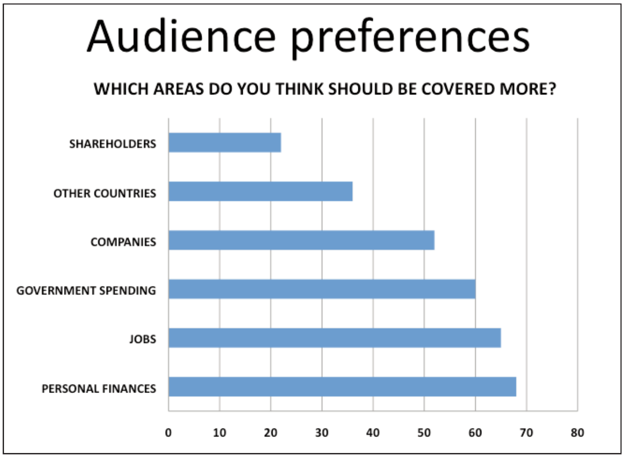
groups such as shareholders and more on how it will affect jobs, government spending, and their own personal finances.

There has already been much debate about how the media performed in the crisis. Some have argued they failed to warn the public of the impending disaster until it was too late. Others believe the negative coverage of the crisis in the media has precipitated sharper falls in share prices, and a deeper recession than would have otherwise happened. Our polling provides some interesting evidence that addresses these claims. As might be expected it is bankers, and then politicians – not journalists – who are blamed most for causing the crisis. Indeed, journalists come at the bottom of a list which reads, in order of culpability: bankers, politicians, civil servants, policy makers, individuals who borrowed too much, journalists. And only one in four people says that the reporting of the economic situation has made matters worse. This remains a sensitive issue for journalists, policy makers and politicians alike, especially as journalists have been accused of "talking



ourselves [the country] into a recession" since the global financial crisis began.

Not surprisingly, the public's appetite for financial information has reached unprecedented levels. This should be good news not just for major newspapers and broadcasters, but also for the specialist financial press and websites. Looking back to the boom year of 2005, a survey commissioned by the Financial Services Agency found that relatively few people were keeping up with financial matters on a regular basis, with nearly half looking at information either once a month or never. Only one-third bothered to check weekly. Now, there has been a sea-change in attitudes, with nearly four in 10 saying they are keeping up with financial information on a daily basis. Only one in 10 report they hardly ever check the financial news.

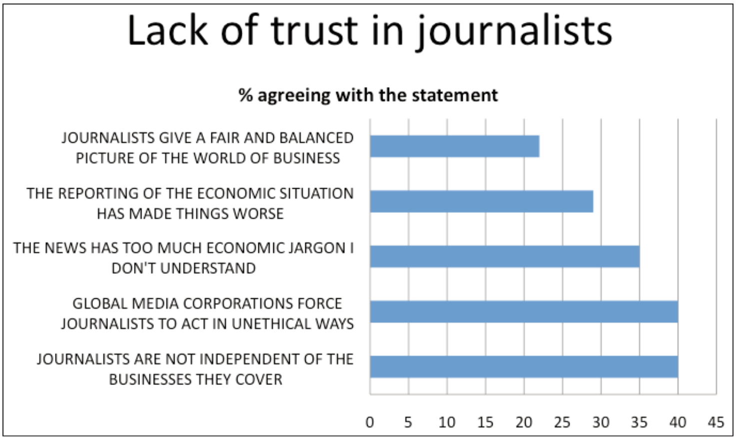
People are also using a wider variety of sources to find financial information since the crisis began. The biggest change has been in the use of the internet, which is now the most widely used source for financial information, just outstripping television. Nevertheless, people say they are using more media sources than before as they look more widely for information about the crisis and its effects. The one exception is the printed newspaper, where usage is unchanged. About a quarter of the population is looking at the business pages of newspapers, and an equal number say they watch or listen to personal finance programmes on radio or television.

The twists and turns of the financial crisis over the past few years have been both unprecedented and unpredictable, sometimes giving financial journalists a challenging task in explaining complex and difficult subjects. And if there is one overwhelming message coming through via our survey of public attitudes, it is that journalists still have a long way to go in explaining the significance of what has happened and how it will affect individuals. In our survey, carried out during a key moment in the euro-crisis in November 2011 when Greece was on the brink of default, only 55 per cent felt they understood how events in Europe would impact on the UK economy, while 45 per cent said they didn't. This figure was broadly similar to the number who said that they were satisfied with the way the media had been covering the news about the economic crisis. This suggests that during the whole period of the crisis, about half the public feels it is not being well-informed by the media—a disturbingly large figure.

What is it that is getting in the way of public understanding? One issue that comes up again and again, and is highlighted in our poll, is the use of jargon. One in three people says the news has too much economics jargon that they can't understand. The temptation for journalists to use shortcuts, when they have only limited amount of time in a news bulletin or are writing about a story that they know very well, appears difficult to resist. Other surveys have suggested that much of the public is uncertain about the meaning of even basic economic terms, such as GDP, interest rates, and bond markets.

Another reason for the disjunction between the journalists and the media is the focus of the coverage. The poll gives clear evidence that the general public wants to know how these major economic events are going to affect them and their families, or impact on household incomes, jobs, or government services. They are less interested in how the markets are moving, or how international negotiations are going, or even how businesses are faring. This presents its own challenges to business journalists, who often strive to include case studies that demonstrate the impact of these events on individuals. These, however, take time and effort to set up, and this impact is not always easy to judge. But if journalism wants to reach more of the public, it will have to resist the temptation merely to report the most easily accessible measures such as the market reaction to events.

The biggest problem for the future of business journalism, however, is not the ability to report the crisis in a way the public can fully understand. It is a more fundamental issue of public trust. Our poll suggests there is deep-seated mistrust of the objectivity of business journalists, scepticism about their motivation and sources, and a belief that they are out of touch with the needs and wants of the public. Of course, public trust in journalists has been



declining for some time, and has been accelerated by the phone-hacking scandal. In our polling towards the end of last year, when the *News of the World's* disgrace had long-since been revealed and the paper closed down, nearly half the population believed that "global media corporations force journalists to act in unethical ways".

There is evidence that business journalists may face their own particular challenges. In regard to bias and use of sources, nearly half the public believes that business journalists are too close to their sources and "are not independent enough of the businesses they cover". Only one in five believes that journalists "give a fair and balanced picture of the world of business". And the public also believes that business journalists are out of touch with how most people are affected by the crisis. Half say that journalists do not report enough about how economic developments will affect them personally, and only one-third say that journalists have done a good job explaining the economic crisis to the public.

We don't have comparative data to know whether financial journalists were trusted more by the public before the crisis broke. But it is a reasonable hypothesis to suggest that one of the reasons trust has broken down is that the promise of an economic golden age – endorsed by politicians and journalists alike – has proved to be a painful illusion. If this is true, the biggest challenge for business journalists posed by the economic crisis is how to rebuild the trust of the public. It is only after such trust is restored that consumers will again be convinced that the media can help shape our economic future.

● *Polling data: ICM interviewed a representative sample of 2,000 UK adults on November 2-4, 2011 using an online panel. The margin of error is +/- 3 per cent.*

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