

The David Hume Institute

Lionel Barber, Editor, Financial Times
Bill Jamieson, Executive Editor, The Scotsman
Martin Gilbert, CE, Aberdeen Asset Management
Sir Angus Grossart, Chairman and MD, Noble Grossart Ltd

Chair: Angus MacDonald, CE, Financial News

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Is Britain well served by its financial press?

A large audience heard each of the speakers maintain admirable self-discipline in keeping to their allocated 5-7 minutes. **Lionel Barber** opened proceedings by observing the fast-changing context for the Press in general: the 24/7 flow of news in a digital world, and the power of the consumer to customise and personalise the information flood, which placed increasing pressure on newspaper circulation. In response, financial journalists were overly pre-occupied with personalities and high pay, and too often reactive to events, rather than analytical and seeking to uncover underlying trends. The FT itself had been slow to recognise the importance of the derivatives market, for example. The view that scandals were systemic in character was not a good position for adoption by the financial press. Solutions lay in recruiting and continuously training the best talent to develop specialist knowledge and capacity for the kind of analysis that would attract a niche audience. Greater accountability, especially for those who made serial mistakes, would also help; Britain was lax by comparison with the USA.

Sir Angus Grossart, confessing to a directorship of the *Daily Record*, was anxious to avoid a drift towards cynicism. In general the financial community was well served by the high and improving standards of financial journalism. But there might be a gulf between the best and the rest, with commercial pressures perhaps lowering standards – less well-paid journalists might well be less good journalists, and there would be less good analysis and comment in consequence. In particular the tabloid press tended to the repetitive, concentrating on themes for too long, and as a result losing potential audiences for its products.

Bill Jamieson surveyed alternatives to the present state of things: either a fragmented media, with a proliferation of blogs and websites on which information would be unchecked and unverifiable; or a highly regulated financial press, in which only fully trained and qualified journalists participated. He found neither attractive by comparison with what we had: in particular, qualifications do not protect one from misjudgement (a proposition illustrated by reference to a number of distinguished financial institutions managed by highly qualified and trained professionals), and regulation can be a destroyer as much as a supporter of that which it regulates. His advice was to stick with the devil you know, offering analysis of the general economic situation (which will always be needed, whatever the system), advice on personal finance, financial education of the

public, daily briefings on markets and their movement, and corporate news and events. Financial news often moved into the mainstream sections of newspapers, which also played a role in helping companies to understand their markets and society.

Finally, **Martin Gilbert** opened with a sally that the Press was merely an arm of the Financial Services Authority, and wondered whether sensationalism was a way to restore lost circulation. On a more serious note, he explained that an informal survey of 100 of his asset managers that morning had revealed only 7 purchasers of the day's FT. He thought that more people in the City read City AM than the FT, which was losing its younger readership. Four journalists were named as opinion-formers who mattered in the City: and three of them had recently moved on to other things than purely financial journalism. It was the job of the financial sector to get financial journalists to write nicely about them.

Chair **Angus MacDonald** then led the speakers through a range of questions, creating and quoting some interesting statistics (only 24% of the audience present thought the Press over-focused on pay, only 24% of the public trusted business leaders, little or no audience support for regulatory insistence that financial journalists be appropriately qualified in a formal sense), and obtaining interesting information, such as Aberdeen Assets Management learning of impending FSA investigation through the Press. What emerged clearly from the discussion at this point was that good journalism involved checking with multiple sources, and treating any one source, whether within a company or somewhere else, with an appropriate mixture of respect and scepticism. If someone was releasing information to a journalist, the latter should be asking with what motive this was done. There was a sense that newsy stories tended to emerge in bear rather than bull markets. Finally there was criticism of the extradition laws under which three NatWest bankers may be extradited to the USA in connection with the Enron affair (UK laws passed in 2003 allow US prosecutors to request extradition without having to prove in UK courts there is a case to answer), although the Press was praised for continuing to highlight the issue.

As discussion opened out to the floor, there was a return to the need for specialism amongst financial journalists, especially in complex markets such as derivatives; a sense that the best were under pressure to write too much; the need to concentrate more on analysis, given the alternative sources of information, and the sheer amount of it (Bill Jamieson commented that *The Scotsman* receives over 23,000 emails per day); an inquiry about whether ethical standards were sufficiently rigorous in preventing freebies and writing for corporate publicity machines (Lionel Barber indicated that the FT did not allow freebies and writing for others required editorial approval); and a concern about the remuneration gap between financial journalists and those about whom they wrote. Lionel Barber and Bill Jamieson acknowledged that this could create a retention issue, but also felt that for some remuneration gaps would not be an issue; for those a sense of a vocation or a mission to explain how wealth is created and business pursued was the driving force. Sir Angus Grossart observed that a sense of being a free intellectual spirit in a public forum was also important in many cases. Finally, a question was raised about standards of broadcasting journalism. Broadcasting knew limits of time, and such

journalism could be very good at getting over complexities in a clear yet simple way (Evan Davis of the BBC was especially commended); but it should only whet the appetite for more detailed, written analysis the following day.

An interesting discussion drew to a close in the hall, although continued in the conversations and dinners which followed the main event. This observer's sense was that, although several insights had been obtained into the mindset, methods and values of top-class financial journalists, the seminar question remained an unanswered one, partly because the financial sector is not really sure what kind of journalism it thinks will serve it best; and no-one spoke for what would make Britain – presumably to be read more widely than just the financial community or its journalists – well served in this regard. The Press has a perception of being unloved, and this is certainly true, not only for the financial sector, but also for politicians, sports and entertainment stars, and Royalty. Yet all of the latter groups need the Press, and the same is true of the financial sector, not only in talking amongst themselves, but in communicating with the wider world whose investments, savings and pensions are being managed. However, journalists will never see themselves as cheerleaders for anyone, nor should they behave like that. But public opinion is significantly influenced by what is said in the media, and the way in which it is said, and it is therefore important that the message about the virtue and the general benefit of wealth creation and business profit is disseminated at least as effectively as the occasional scandal or piece of individual mismanagement of funds.

Most significantly of all, however, the seminar demonstrated that the role of the traditional media – print and broadcasting in particular – is under the most severe challenge across the board, and not just in financial journalism. These traditional media are changing fast to meet that challenge and may need to move faster still to survive it. The question now is whether we think that the role that they have played for at least the last fifty years is one that still needs to be performed, and if so how and by whom it is going to be done. My sense of the evening was that speakers and audience would have answered the first of these questions affirmatively; but that none of us was any the wiser really about the other two.

Hector MacQueen
DHI Trustee
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