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Perspective on crisis is first casualty of media war

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Calm analysis is hard to find in the sound-bite age, writes Michael Roux.

THE most common description for the global financial crisis is that it is the worst economic event "since the Great Depression". This has many merits as a one-liner, but it does not have the merit of being true. For one thing, it is akin to declaring a footy match a cliff-hanger before the end of the first quarter. And secondly, even in the worst-case scenario, the Depression-era analogy is bogus and unhelpful.

The description is a way of making the case that this is a qualitatively worse recession than those that occurred in previous decades. Again, this is arguable. US Treasury Secretary Timothy Geithner, for example, often makes the point that characteristics of the current downturn are consistent with previous recessions that began in the financial sector. These tend to be deeper and longer than those that were triggered by boom-bust events such as the dotcom crash.

Since the previous serious economic downturn, in the early '90s, there have been significant cultural and technological shifts that have exacerbated the effects of the global financial crisis, as well as making it appear worse than it actually is.

There are two amplifying factors worth considering.

The past 20 years of unbridled prosperity rode on easy credit and unwavering positive sentiment, underpinned by a belief we had cracked the code — by keeping taxes low and regulation sparse to leverage ever-growing profits to ever-greater prosperity. Governments would collect revenue and revel in political spoils of low unemployment, low inflation and interest rates, and a large, cashed-up middle class. As evidenced by political stability, huge corporate profits, long periods of GDP growth and sky-high consumer sentiment, it is not difficult to understand why the myth of unending prosperity had taken hold. But this myth is the first amplifier — the belief that we had unlocked the door to a post-cyclical economy that would deliver as far as the eye could see. It was the myth that drove households to buy investment properties with no deposit down; that saw businesses take \$1 and leverage it 20 or 30 times; that saw governments invent first home buyer schemes and baby bonuses, without means testing.

The second amplifier is the decline of moderation in our public discourse, brought about by the near-death of the authoritative voice. The time when governments and a reassuring, credible news media were the primary forces to disseminate information and shape public opinion is decidedly over.

The nature of news reporting has changed beyond recognition in the past 20 years, propelled by three factors: the emergence of cable TV and 24-hour news; the restructuring of news organisations around a much more aggressive profit model; and the arrival of the internet and its proliferation of formal and informal news outlets. The result has been the application of tabloid news values across the board, the replacement of news by opinion and the decline of objectivity and rigour.

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The dumbing down of Australian media is a tragedy well into its third act: witness the decline of prime-time current affairs on commercial networks; the culling of "flagship" programs such as *Sunday* and *Nightline*; and mass redundancies in newsrooms. Even though there are plenty of examples of journalists and media outlets bucking these trends, there is no question the net result is that public trust in the fourth estate is low and getting lower.

In the context of the global financial crisis, this has been especially damaging. Round-the-clock financial news network ratings have an inverse relationship to the economy: the worse the news, the better they do. And if people are inclined to doom and gloom, there is no shortage of obliging pundits, bloggers, tweeters and pontificators. Thoughtful and measured analysis is available for those with the time and energy to dig, but most are without such luxuries. What is left is white noise — headlines and sound-bites, punditry and finger-pointing.

Our political leaders fare no better.

Today's politicians sometimes resemble television commentators who govern by door-stop. They surround themselves with staff expert in reducing any problem into a 15-second news grab. The recent debate around the federal budget is a case in point. Instead of engaging in a public policy debate about the merits of deficit spending in a faltering economy, shadow treasurer Joe Hockey compared the Government to drunken sailors, a line designed to pack a six-second punch. It is politics by catchphrase. The tragedy is that this approach was rewarded with wall-to-wall TV and radio play.

The effect is that politicians chase each other around the news cycle in a desperate bid to stay ahead of their opponents and on top of whatever crisis dominates the moment. It does not lend itself to the kind of measured leadership that inspires confidence in a nervous public.

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