

Where Were the Media in the Financial Crisis of 2008, and Have We Seen This Trend Before?

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ABSTRACT

In the fall of 2008, the United States and the rest of the world experienced significant financial turmoil. The financial industry as we knew it crumbled before our eyes. After experiencing this event and the media's fragmented and inconsistent coverage of it, I felt an interesting topic to look into was the financial press' failed coverage of the finance industry, both today and in the past. In looking at this event, I will focus on both the financial press that failed to cover the happenings of the financial industry, as well as those that did recognize the issue at hand. In doing this, I will include a content analysis of the relevant sections of *The Wall Street Journal* and *The New York Times*. In addition, I will also look into past financial crises, including the Enron scandal, the Savings and Loan crisis, and the Technology Bubble to see if the financial press' recent failure is the continuation of a long trend. After discussing the fragmented nature of the financial press, I will then discuss why the financial press had little effect on individuals, despite some actually good coverage existing. In discussing this issue, I will focus on topics such as the media's lack of objectivity and the audience's unwillingness to accept the situations they are presented with. Finally, I will suggest ways to rectify this situation, such as news consumers becoming more media literate.

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INTRODUCTION

Since its inception in 1986, the Dow Jones Industrial Average, a price-weighted average of 30 significant stocks traded on the New York Stock Exchange and the Nasdaq that is generally thought to reflect the overall performance of the market, the index has had a number of historic down years. For example, in 1907 the index lost 37.7%, and in 1931 the index lost 52.7% (Hulbert). However, in recent years, the market has set record highs and consumers have become accustomed to “easy money,” expecting loans even if their credit quality is poor. As a result, lending practices have become extremely lax and average American consumers have leveraged themselves to the brink of destruction. Under these conditions, Americans like Clarence Nathan, whose house was in foreclosure and did not have full-time employment, but “sounded like a nice guy,” received a loan for \$450,000. Moreover, when asked if he would have lent himself this money, he replied, “I wouldn’t have loaned me the money. And nobody I know would have loaned me the money. I know guys who are criminals who wouldn’t loan me that, and they break kneecaps” (Carr). Thus, a disconnect in the lending markets has undoubtedly developed during these years, and the subprime mortgage crisis was its eventual result.

In 2008, the effects of faulty lending became obvious for the first time as the subprime mortgage mess began to unfold due to a dramatic rise in mortgage delinquencies and foreclosures in the United States and the corresponding impact these events had for banks around the globe. Although the severity of the subprime mortgage mess was becoming increasingly clear because of the number of defaults, the media failed to provide substantial and accurate coverage of this event. Moreover, when the media did provide coverage of the financial crisis of 2008, it was often too late and extremely fragmented. The failure of the media, however, was not confined to the financial crisis of 2008. When looking at past crises in the financial industry, including the downfall of Enron, the burst of the Technology Bubble, and the Savings and Loan Crisis, it is evident that this has been an ongoing trend. The media have consistently failed to provide adequate coverage of catastrophic events in the investment industry. However, although it is evident that the coverage of financial crisis has been fragmented and often inaccurate, some coverage of these events did exist. Therefore, what

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then is really the problem? How is it possible that investors and the public at large have repeatedly been caught off-guard by these events? In this report I will not only cover the media's failed coverage of the financial crisis of 2008, and past crises including the downfall of Enron, the Technology Bubble, and the Savings and Loan Crisis, but I will also look at what other factors are at play and what consumers can do to prevent these failures in the future.

COVERAGE OF THE FINANCIAL CRISES OF 2008

When looking at the months leading up to the financial crisis of 2008, it is evident that the media's coverage was inadequate. During this time, coverage of the industry was minimal despite increasing indicators pointing towards a downfall of a number of long-standing financial institutions and the eventual onset of the financial crisis. The media neglected to focus on the issue regardless of the damaging impact a downturn in the investment industry would have on the public. Furthermore, not only did the media provide extremely limited coverage of the financial crisis, but the sparse coverage that did exist was insufficient. The coverage provided was often inaccurate, frequently consisting of diluted explanations of the situation and biased reports. Furthermore, the information provided was often fragmented and underestimated the severity of the situation. Consequently, due to the actions of the media during this event, the coverage of the financial crisis was insufficient, and it ultimately resulted in the public being severely harmed by the actions of the financial industry.

During the meltdown of the financial markets, reporters were extremely cautious in how they presented the issue. However, reporters covering this event were not overly cautious "because reporters should always choose their words with care, but because financial companies are 'uniquely vulnerable' to a 'loss of confidence' due to rumor, speculation, and fear" (Jackson). Thus, reporters did not want to be seen as creating a self-fulfilling prophecy; reporters did not want financial institutions to fail because they implied there was the potential for this to happen. However, in using this increased level of caution, reporters ultimately did not fulfill their designated roll of accurately informing the public. The public during this time was

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presented with imprecise information that did not accurately reflect the severity of the issues surrounding the financial industry.

Because of their ability to cripple the financial industry, reporters during the financial crisis of 2008 did not provide an accurate description of the turmoil within the investment world. As Richard Perez-Pena stated in an article for *The New York Times*, “So in most news, stocks have ‘slid’ and markets ‘gyrated’ but not ‘crashed.’ Companies have ‘tottered’ and ‘struggled’ rather than moved toward failure and bankruptcy” (Perez-Pena). Thus, in order to downplay the severity of the situation, reporters chose less aggressive words to describe the ongoing events. Furthermore, as Ali Velshi, a senior business correspondent at CNN, also stated, “‘If someone wants to say the markets are in a free fall, we’ll discuss it first [in production meetings],’ he said, ‘and the outcome is most likely to be a change in wording’” (Perez-Pena). Subsequently, as Velshi suggests, reporters would actively change descriptions of events in order to help minimize the apparent severity. As a result, although reporters may help minimize the potential for greater financial turmoil by using less severe descriptions of events in the financial industry, these actions ultimately result in reporters doing the public a disservice. As reporters, they are supposed to be loyal to the public; the goal of reporters should be to present unbiased, factual information to their viewers and readers. However, because reporters during this time were more concerned with protecting the well-being of financial institutions, they dismissed their allegiance to the public and aligned themselves with the interests of financial institutions. Ultimately, because of the actions of the media, the public was not presented with information that truly depicted the condition of the financial industry.

Not only does the use of less aggressive terminology to describe the occurrence of events in the investment industry result in the media betraying their allegiance to the public, but it also brings about the question: “Who’s job is it to tell the public not to panic?” Currently, “‘panic’ heads the list of words that major news organizations have avoided using because they are seen as potentially self-fulfilling” (Perez-Pena). The media refrains from describing a situation as “panic-ridden” in an attempt to forego increased levels of panic. However, as

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Andrew Serwer, the managing editor of *Fortune* magazine states, “How do you say ‘There’s panic out there, but don’t panic?’ And is it even our responsibility to say ‘Don’t panic?’” (Perez-Pena). Thus, although the media attempt to mitigate the level of panic that occurs, is this even their responsibility? The role of the media is to present the public with unbiased, factual information. Thus, rephrasing and reconstructing information in order to prevent panic is not part of the essential role the media are supposed to fulfill. It is the media’s job to provide information, and they should not be held responsible for the reaction of the public to that information. Therefore, in being overly concerned with the reaction of the public when describing topics such as Lehman Brothers’ dire financial situation, the media diverted from their primary responsibility and assumed a role that was not theirs to fill.

In addition to the media’s understatement of the financial industry’s condition, the mainstream media failed to provide extensive coverage as well. Although investing has become increasingly commonplace among Americans in recent years due to improved technology and an increase in the usage of 401(k)s, financial news has remained relatively uncovered among mainstream media; mainstream media have remained overwhelmingly concerned with covering topics such as the winner of this season’s *American Idol* or when the newest version of Apple’s iPhone will be released. Furthermore, mainstream media’s lack of coverage was not simply because no media outlets were aware of the situation. As Jim Impoco, a reporter for *The New York Times*, stated

Even though many financial threats the world faced in recent years were hiding in plain sight – in the pages of the business press – the broader media’s longstanding indifference to economic views helped keep it safely out of the public dialogue (Impoco).

Thus, mainstream media’s failure to cover the impending downfall of the financial industry was not the result of lack of knowledge; it was the result of lack of concern and interest. Mainstream media’s belief that more “entertaining” topics such as celebrity gossip and professional sports are more newsworthy than the looming demise of major financial institutions effectively resulted in many consumers remaining blissfully unaware of the crisis in the investment industry until it was too late. Ultimately, many consumers were not aware of

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the situation until they had already lost a significant percentage of their savings.

Consequently, it is essential that mainstream media incorporate investment and economic news into their daily broadcasts in order to ensure that society is not reliant on sources such as “*The Daily Show* to take down the next Enron or smoke out the next Bernie Madoff” (Impoco).

Although the financial press did provide slightly more insight into the financial crisis than did the mainstream media, the financial press’ tone when it actually did provide coverage also created mixed signals for the general public. As Ben Steverman, a columnist for *Business Week* stated, “The media can contribute to ‘huge swings in optimism and pessimism by investors’” (Steverman). When conditions seem good, analysts are often excessively optimistic; whereas, “when things go sour, they outdo each other telling people how bad things could get” (Steverman). Thus, although the financial press did provide some insight into the events leading up to the financial crisis of 2008, the tone used to describe these events was often misleading. The tone of an article or broadcast can lead investors to believe that something is better or worse than it actually is. Therefore, the emotion of reporters when relaying messages to the public during this time ultimately played a role in the failure of the media to accurately convey the situation.

Not only did the media’s tone during the coverage of the financial crisis of 2008 skew the information, but the biased nature of the media also played a role in making that coverage insufficient. Following the downfall of a number of major financial institutions and the onset of the bailout initiative by the government, the media immediately threw their support behind the bailout. In an instant, the “media decided that anything that the Bush administration and the congressional leadership viewed as necessary to pass the bill was acceptable behavior” (Baker and Warner). Despite the fact that the bailout bill was such an important piece of legislation, the media did not place intense scrutiny on the comments and actions made by those involved in developing the legislation. The media effectively accepted the information they were given at face value and failed to press for additional information. Moreover, the media’s treatment of those individuals opposed to the bill further enforced their biased

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viewpoint of the bailout. Critics of the bill during this time were treated as if they were “unthinking and ill-educated, even though this group included many of the country’s most prominent economists” (Baker and Warner). Additionally, on September 24th, 2008 when 230 economists signed an open letter protesting the bailout, the event received almost no coverage by the mainstream media. Finally, the media’s bias was further enforced by their support of the Bush Administration’s scare tactics. For example, after the initial defeat of the bailout package on September 29th, 2008, *The Financial Times* published an article titled “Congress Decides It Is Worth Risking Depression.” In the article, the author referred to a repeat of the Great Depression as a consequence of not passing the bailout bill. Using this threat, however, was unfounded; it would take a full decade of extremely poorly guided economic policy to even come close to repeating the Great Depression. The media, continuing their biased nature, did not bring this fact to the public’s attention. Instead, they reinforced the threat’s impact and did not bring the public’s attention to the government’s “fear-mongering.” Overall, the biased nature of media when covering the financial crisis of 2008 was a leading factor contributing to the event’s poor coverage.

Another contributing factor to the failure in coverage of the financial crisis of 2008 was the inability of the media to maintain a stance for a significant period of time; the media constantly “flip flopped” their viewpoints on the issue. For example, during the week of September 15th, 2008, many of the United States’ economic leaders completely reversed their viewpoints regarding the condition of the financial industry. During this time, economists “went from assuring us that the economy was just fine to telling us that the bottom was about to fall out and a second Great Depression loomed just over the horizon” (Baker and Warner). Thus, the media effectively reversed their standpoint on the economy for no apparent reason, leaving the public confused and unsure of the future. In doing so, the media not only tarnished their reputation as a reputable source of information, but they also failed to provide the public with accurate information. The media should stand behind their initial viewpoint unless presented with significant information that refutes it.

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In addition, the media's inability to maintain a solid viewpoint surrounding the financial industry's condition, the media's tendency to consistently underestimate the potential "correction" in the market also contributed to the inconsistent coverage of the financial crisis. Prior to the onset of the demise of the financial industry, "corporate media had already established themselves as cheerleaders for the thriving housing market" (Casidy). Thus, because of their position, the media tirelessly supported the housing boom, even when signs of instability and an emerging housing bubble became evident. As Michael E. Kanell stated in an article for the *Atlanta Journal Constitution* in 2003, "Even when they did acknowledge the possibility of a bubble, given record home prices, media reassured the public that it wasn't something to be terribly concerned about" (Casidy). Furthermore, in 2005 when construction declined substantially, most media reports continued to deny the existence of a housing bubble. The media continued to promote and prop-up the housing market despite rising evidence that its continued expansion was unsustainable. As a result, when the housing market eventually crashed and the start of the financial crisis of 2008 began to unfold, investors were taken by surprise and many lost significant investments. Thus, had the media accurately reported the condition of the housing market, the public would have had a more informed understanding of the issue.

Lastly, although the media did provide limited insight into the issues surrounding the financial industry, what insight they did provide was too late to be effective. For example, while Fannie Mae and Freddie Mac were participating in risky investments and the investment banks were becoming overextended, there were a small number of incremental stories discussing these issues. However, although there were a few whistle-blowing articles, "the business press never conveyed a real sense of alarm until institutions began to collapse" (Gasparino). Therefore, when the media actually began providing coverage of the issue, it was too late for the general public. Many people had already lost significant investments before they were even aware of the turmoil in the financial industry. Thus, "as in the savings-and-loan scandal of the late 1980s, the press was a day late and several dollars short" (Roush).

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Overall, the inadequate coverage of the media during the financial crisis of 2008 resulted in harmful consequences for the general public. The media's tendency to use less severe wording when describing an event and their tendency to underestimate the severity of a potential "correction" resulted in an essentially unaware public. Furthermore, the fragmented and biased nature of the media's coverage further contributed to the public's lack of knowledge. Lastly, although there was some coverage of the events unfolding in the investment industry, this coverage was often too late to be effective. By the time the public was aware of the situation, individuals had already suffered the effects.

CONTENT ANALYSIS

This section focuses on the method used in the content analysis portion of my quantitative research, as well as the results of my analysis.

Content Analysis Method

In order to quantify the financial press' substandard coverage of the financial crisis of 2008, a content analysis of *The Wall Street Journal* and *The New York Times* was performed. The first step in the analysis process was choosing a specific event to examine. Ultimately, the declaration of bankruptcy by Lehman Brothers on September 15, 2008 was chosen because it was the first major financial institution to fail. Thus, Lehman's failure represents the true culmination of the financial crisis.

Following the selection of an event to analyze, the newspapers for the analysis were then chosen. In choosing the newspapers for examination, circulation figures for daily newspapers around the world were retrieved. On the List of the Top-100 Paid for Newspapers in 2008, compiled by the World Association of Newspapers, *The Wall Street Journal* and *The New York Times* had the highest circulation figures in the United States, behind only *USA Today*. *The Wall Street Journal* had 2.012 million readers, and *The New York Times* had 1.038 million readers. Although *USA Today* had the highest circulation figure with 2.293 million readers, the newspaper was not chosen because it does not include a large business section (The World Association of Newspapers). Furthermore, *The New York Times* and *The Wall*

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Street Journal were also chosen because of their dominance in the business journalism industry. As stated by Chris Roush in the article “Unheeded Warnings,”

The powerful players in business journalism include the *Wall Street Journal*, the business sections of the *New York Times* and the *Washington Post*, and business magazines such as *BusinessWeek* and *Fortune*. These are the news outlets with the power to direct the conversation (Roush).

Thus, *The Wall Street Journal* and *The New York Times* were chosen on the basis of circulation figures and prominence within the business journalism industry.

After determining which newspapers to utilize, the time period for analysis was then selected. Due to the short life-span of news topics, a time period of two weeks was ultimately chosen. As Carl Stepp states in the article *Moving at Reckless Speed*, “Today’s news media move at such ‘reckless speed’” (Stepp, 2008). Therefore, it was likely that the Lehman crisis would only be mentioned during a short period before the actual crash.

In addition to determining the period of analysis, it was also necessary to determine the relevant sections of each newspaper to examine. Determining the relevant sections was necessary in order to ensure that the results of the analysis were not skewed. Had irrelevant sections, such as the Leisure & Arts section of *The Wall Street Journal*, been included, the total number of articles used for the calculations would not have been accurate. For example, the percent of total articles that at least mentioned Lehman would have been smaller because the total number of articles the percent was calculated from would have been larger. After manually reviewing both newspapers, the following sections were determined to be relevant:

Wall Street Journal

A: General News

B: Marketplace

C: Money & Investing

B: Money & Investing (Weekend Journal)

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The New York Times

A1-A5: Top Stories/General News

B: Business Day

BU: Business Weekend (Sunday Edition)

In determining the relevant sections, it was ultimately decided not to include the “International” sections of either newspaper. This decision was based on the fact that within the business sections, an international business section was included. Therefore, any relevant international business news would be found in this section and not the actual international section of the newspaper.

Following the selection of the relevant sections for each newspaper, the relevant articles were then coded and tallied in order to provide the basis for the desired information. Articles were determined to be relevant if they merely mentioned the difficulties Lehman Brothers was facing. Thus, in order to search for all articles mentioning Lehman’s issues during the two weeks prior to the company’s bankruptcy announcement, Proquest was utilized. However, in counting the articles, it was necessary to read through each article in order to ensure that the article was not merely mentioning a Lehman analyst covering another event in the investment industry, and that the article was truly referencing the impending Lehman crisis. Whereas, relying solely on the total number of articles the Proquest search provided would have been detrimental to the accuracy of the data. While tallying the articles, they were also coded according to the following categories:

Total Number of Articles that Merely Mention Lehman vs. Total Number of Articles Discussing Solely Lehman

Total Number of Positive Articles vs. Total Number of Negative Articles

Total Number of Times Lehman Articles were on the Front Page

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Total Number of Times the Word “Bankruptcy” was Mentioned

Again, reading each article was necessary in order to ensure the articles were coded correctly. For example, whether an article was discussing Lehman in a positive or negative light cannot be determined without first reading the article.

After the coding and tallying of all relevant articles found on Proquest that mentioned the Lehman controversy in the two weeks immediately before the company’s fall, it was necessary to determine how many stories *overall* appeared in each paper. In that way, the proportion of all stories in the relevant sections that were in fact Lehman-oriented could be computed. To do this, I selected a seven-day sample of each of my target newspapers and manually counted all stories in the relevant sections. In this way I was sure to allow for variations that might have occurred for different days, weekend versus weekday, for example. Once this number was obtained, I multiplied it by two, which gave me an appropriate denominator for two weeks of coverage.

Lastly, after compiling the necessary data, Microsoft Excel was then utilized to perform analysis calculations. Excel was utilized to compute calculations such as the total percentage of times that Lehman was at least mentioned in the relevant sections of the newspapers, as well as to construct graphs in order to better visually represent the data.

Overall, by utilizing the aforementioned method, it was possible to gather statistically valid and representative data that can be used to quantify the media’s fragmented coverage of the financial crisis of 2008.

Content Analysis Results

Based on the analysis of the *Wall Street Journal* and *The New York Times* performed during the two weeks prior to the collapse of Lehman Brothers, a number of conclusions can be drawn that support the notion that the financial press’ coverage of the financial crisis of 2008 was inconsistent and minimal.

When comparing the total number of articles that at least mention the situation surrounding Lehman Brothers to the total number of articles in the relevant sections of both newspapers

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during the two weeks prior to the collapse, it is evident that the coverage of the event was sparse at best. Of the 1,108 articles located in the relevant section of the newspapers during this time, only an average of 7.15% mentioned Lehman's distraught financial situation.

(Please see the chart below.)

Articles that At least Mentioned Lehman in the Relevant Sections of the Newspapers		
	WSJ	NY Times
Lehman	58	24
Total	730	378
Percent	7.95%	6.35%
Total Percent	7.15%	

This can further be broken down by newspaper, with 7.95% coming from *The Wall Street Journal* and 6.35% coming from *The New York Times*. Thus, it is obvious that the newspapers did not spend significant time and resources to cover, and ultimately notify the public, the crisis at hand.

Not only does the fact that only an average of 7.15% of the articles within two of the most prominent business newspapers actually discussed Lehman support the notion that the coverage of the financial press is inconsistent, but the extent that these articles cover the topic supports this conclusion as well. Of the 7.95% of articles in *The Wall Street Journal* that actually mention Lehman Brothers, 56.86% of these articles merely mentioned the situation once. Therefore, the issue was simply mentioned in passing, and it is easy for the reader to disregard its importance. The remaining 43.14% of the relevant articles discussed solely Lehman Brothers; the articles were dedicated to discussing the situation at hand in-depth.

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Similar to *The Wall Street Journal*, the extent to which Lehman Brothers was discussed in *The New York Times* also varied. In *The New York Times*, 33.33% of the articles merely mentioned the situation, and only 66.67% of the articles discussed solely Lehman Brothers. Therefore, based on the minimal percentage of articles, both in *The Wall Street Journal* and *The New York Times*, that actually performed an in-depth analysis of the situation, the existence of minimal media coverage is enforced.

In addition to differing in the extent of coverage, the overall evaluations of the articles also differed as well. Of the total number of articles across both publications that at least mentioned the situation surrounding Lehman Brothers, 18.29% of the articles were positive. Moreover, of the 58 articles in *The Wall Street Journal* that at least mentioned Lehman Brother's situation, 22.41% of the articles were positive. For example, merely two days before Lehman produced the company's bankruptcy announcement, an article in *The Wall Street Journal* stated that Goldman Sachs continued to maintain a "buy" rating on shares of Lehman Brothers. By standing behind this rating, Goldman was effectively announcing its continued confidence in the company. In addition to positive articles being published in *The Wall Street Journal*, 8.33% of the articles that at least mentioned Lehman Brothers in *The New York Times* were also positive. For example, on September 4th, 2008, an article titled "Investor Jitters Produce Mixed Markets" stated,

One bright spot in the market Wednesday was the troubled financial sector, which drew some bargain hunters because of positive news on a few big names: the Ambac Financial Group, Freddie Mac and Lehman Brothers Holdings (The Associated Press)

Thus, the article was promoting the recent positive news surrounding Lehman, and it was reflecting on investors still showing interest in investing in the company.

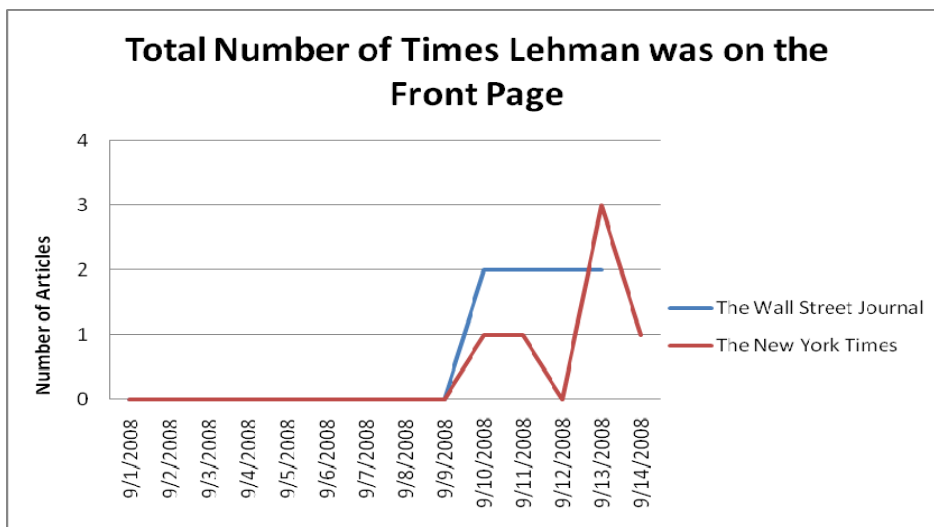
Along with varying article content, the number of times that articles admitted the potential for Lehman to be forced into bankruptcy also reinforces the substandard nature of the financial press. Of the 82 total articles that mention the Lehman Brothers crisis, the word "bankruptcy" was only used twice, once in *The Wall Street Journal* and once in *The New York Times*. Moreover, the remaining articles utilized other, less severe, words to describe Lehman

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Brothers' situation. Articles used words such as "downfall," "collapse," and "decline" instead of openly stating the possibility of Lehman Brothers declaring bankruptcy. For example, in the article "Lehman's Assurances Ring Hollow," Floyd Norris states, "It is sad to watch Lehman Brothers, one of the grand old names of Wall Street and before that a cotton and coffee merchant from Alabama, struggling to avoid collapse" (Norris). Not only does the author of the article refrain from using the word bankruptcy, but he also softens the severity of the situation by referring to Lehman as one of the "grand old names of Wall Street." Thus, by utilizing less obvious words to describe the situation instead of stating the possibility of bankruptcy, the vast majority of the articles discussing the Lehman Brothers' crisis do the consumers of the financial press a distinct injustice; the financial press did not do an adequate job of informing consumers of the severity of Lehman Brothers' situation.

Not only was the word "bankruptcy" seldom mentioned in articles discussing Lehman Brothers, but articles discussing the crisis were rarely placed on the front page of either newspaper as well. In *The Wall Street Journal*, only 8 articles discussing Lehman Brothers during the two weeks prior to the company's crash were found on the front page. In addition, in *The New York Times*, only 6 articles were found on the front page during the two weeks prior to the crash. Furthermore, as shown by the chart below, not only did very few articles appear on the front page, but articles about the situation did not begin appearing on the front page until September 9th.

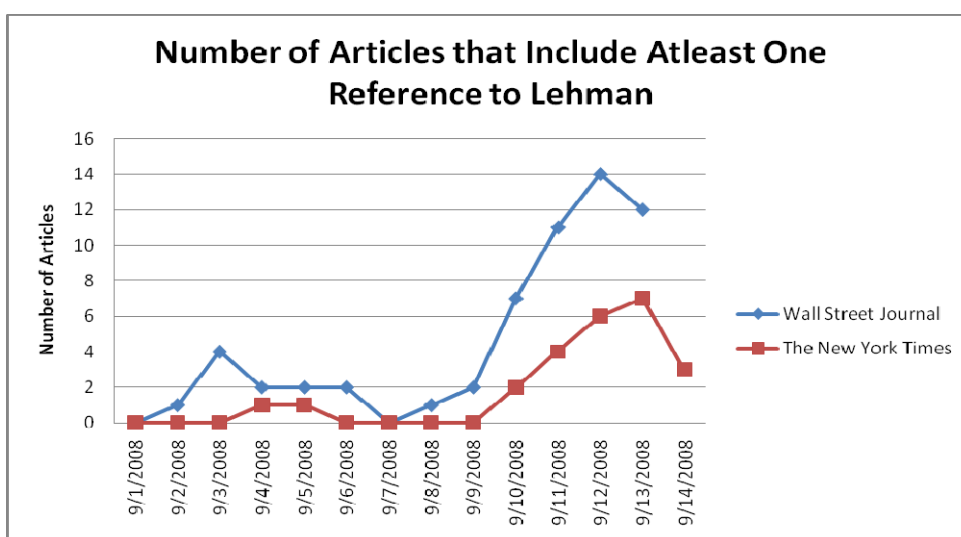


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Therefore, articles regarding the topic did not even appear on the front page until the Tuesday prior to Lehman's collapse; articles were on the front page for less than a week. Thus, the press did not adequately identify the situation; the impending downfall of a global financial institution should receive front-page coverage for more than a few days.

Lastly, the overall timeline of the financial press' coverage of the crisis is also indicative of its inadequacy. The impending downfall of a major financial institution that is linked to economies around the world is clearly an important issue; however, as the graph below shows, coverage of the issue was minimal until September 9th.



Until this point, both *The Wall Street Journal* and *The New York Times* only included an average of one to two articles a day about the issue. Therefore, it is evident that neither publication felt the issue was worthy of coverage and did not bother to inform consumers about the problem. Furthermore, it is also unimaginable to assume that the financial press did not cover the issue because they were unaware of the situation. As the article *Lehman's Fate Spurs Emergency Session; Wall Street Titans Seek Ways to Stem Widening Crisis* states, "Lehman's troubles have also been known for a while, giving market participants 'time to prepare,' according to those familiar with the government's thinking" (Paletta). Individuals closely tied to the investments industry were aware of the issues surrounding Lehman

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Brothers; therefore, renowned financial newspapers such as *The Wall Street Journal* and *The New York Times* should have been aware of the concern.

Overall, the results clearly indicate that the financial press' coverage of major events in the investment industry, such as the downfall of Lehman Brothers, has been inconsistent and incomplete. Not only did articles in both *The Wall Street Journal* and *The New York Times* fail to convey the severity of the situation, but the coverage did not appear until the very last possible moment. Both newspapers only provided relatively significant coverage of the issue during the week immediately prior to the event. Thus, in the end, as shown by *The Wall Street Journal* and *The New York Times*, the financial press has not done an adequate job of covering this major event in the investment industry.

COVERAGE OF EARLIER FINANCIAL CRISES

The media's failure in the financial crisis of 2008, may well be a duplicate of their performance in past financial crises including the downfall of Enron, the burst of the Technology Bubble, and the Savings and Loan Crisis.

Enron

During Enron's reign, the media praised Enron, despite rising evidence of an underlying scandal. For six straight years, *Fortune* magazine named Enron the most innovative company in America. *The New York Times* called it "a model for the new American workplace," and *The Dallas Morning News* described it as "one of the most envied and respected corporations in the United States" (Shaw). However, although at times the praise seemed warranted, the media failed to maintain an objective viewpoint and look behind Enron's appeared success. Ultimately, "instead of scrutinizing Enron's accounts, [the media] acted as a cheerleader all the way to the end," and the media's coverage became inconsistent and disconnected (Maidment).

While praising Enron's performance, the media ignored a number of red flags that were hiding in plain sight. Not only was there a long-lasting, continuous discrepancy between Enron's profits and its cash flow, but the company's return on investment was also extremely

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low for a company with that much risk associated with it. Furthermore, the company's financial statements were incomprehensible, even to many of the investment industry's top analysts. Additionally, many of the company's top executives were repeatedly selling huge amounts of the company's stock, which should have been a clear indicator that something was wrong with the company. Not only were top executives selling large amounts of the company's stock, but a large number of senior executives were leaving the company as well; 68 senior executives left during an 18 month span. Thus, based on the events that took place, the media should have been more aware of the impending downfall of Enron.

As a result of the media ignoring the many signs that indicated Enron was not as successful as it appeared, the media were extremely late in covering the demise of Enron. Despite many warnings signs, the company was still rated as a "buy" by a number of major brokerage firms just a few weeks before it declared bankruptcy (Myatt). Subsequently, many investors were in shock when Enron declared bankruptcy because multiple analysts, who were believed to be reputable, claimed the company was a strong investment choice. Not only were major brokerage firms publicizing false buy recommendations, but many major business publications were also praising Enron's senior executives during this time as well. For example, in a *Business 2.0* column, "Erick Schonfield acknowledges having made Enron's chief executive Jeffrey Skilling its cover boy for the August/September 2001 issue, a week before he resigned" (Behr). Thus, the media were praising Enron's senior executives while they were single-handedly creating a scandal that would ultimately result in the largest corporate bankruptcy in the history of the United States. Additionally, the media still did not actively cover Enron even when the company began losing massive amounts of money. The *LA Times*, for example, did not publish a story on Enron's third-quarter loss until two days after Enron reported the information. Furthermore, even when the *LA Times* finally did publish the information, the publication only dedicated four sentences in the markets roundup portion of the newspaper. Thus, it was obvious that the *LA Times* did not feel this event was worthy of extensive coverage, and the "mainstream media certainly waited – too long" (Myatt).

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Not only was there a significant lack of coverage prior to Enron's fall, but when Enron finally declared bankruptcy, the majority of the media did not consider this big news. Despite the fact that the collapse of Enron represented the downfall of the seventh-largest company in the United States, many of the largest media outlets barely even mentioned the event. Following the announcement, ABC, CBS, and NBC only dedicated two sentences during the evening news to the event. Not only was the event not actively promoted on the evening news, but Enron's bankruptcy did not make the front page of the *Washington Post*, *Boston Globe*, *Philadelphia Inquirer*, *USA Today*, *Denver Post*, or *Detriot Free Press*. Ultimately, despite Enron's declaration of bankruptcy, the media did not immediately provide extensive coverage of the event, and widespread coverage did not occur until information regarding Arthur Anderson, Enron's accounting firm, and a potential political scandal were uncovered.

In addition, not only was the coverage of Enron's downfall delayed and sparse, but the media also presented conflicting viewpoints. For example, the treatment of Ken Lay, the chairman of Enron, was handled differently by different media groups. In Houston, where Lay was one of the most charitable donors to the city, the media scarcely focused blame on him. However, Houston's media did place extensive blame on Enron's other senior executives. In contrast to Houston's sparing of Lay, *Mother Jones*, an alternative media source, consistently printed articles discussing Lay as one of the central figures of the scandal. Thus, there was discrepancy among media groups as to the extent of Lay's involvement in the scandal. In addition to the discrepancy regarding Lay's involvement, the coverage surrounding the potential political scandal associated with Enron also differed between mainstream and alternative media groups. As Jimmy Myatt states in the article "Covering the Enron Story: Playing Softball and Playing Catch-Up," "Most of the mainstream press failed to ask questions concerning Enron's role in setting up the Bush Administration's energy policy or the company's contributions to the political campaigns of Bush..." (Myatt). In contrast to the mainstream media's coverage, the alternative press, such as *Mother Jones* and *The Nation*, printed stories on the political scandal as early as 2002. Essentially, the conflicting viewpoints of differing media groups served as another means to confuse the public.

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Along with presenting conflicting viewpoints, the media's coverage was further substandard because they allowed Enron's management to dictate the information given to the public. In order to ensure that the desired message was conveyed to the public, Enron employed big lobbying staffs and spent extensive amounts of money on investor and public relations. Enron paid influential commentators as much as \$50,000 a year to be a member of Ken Lay's board of advisors. With members such as William Kristol, editor of the *Weekly Standard*, and Paul Krugman, an economist and *The New York Times* columnist, the advisory board was an instrumental tool in manipulating the media. Furthermore, Enron's response to any opposition to the company also shaped the information the media presented the public with. For example, in response to questions raised by Bethany McLean, a *Fortune* magazine reporter, Enron did a number of things to thwart coverage. To discourage further questions, Jeffrey Skilling, Enron's CEO, called McLean unethical and hung up on her when she called. In addition, Ken Lay, the company's chairman, called *Fortune's* managing editor to complain, and the company even went as far as to send Andrew Fastow, Enron's chief financial officer, to New York to tell McLean and her editors that Enron was still a healthy, thriving company. As a result of Enron's efforts, the company was effectively able to persuade the media to act as the company's "cheerleaders," and the vast majority of the public remained unaware of Enron's true condition.

Following Enron's declaration of bankruptcy and the onset of scandals involving Arthur Andersen and the government, the media attempted to defend their lack of coverage by saying Enron's financials were too complex to decipher. As Jeff Madrick said in the article "Enron, the Media and the New Economy," many journalists attempted to hide "behind the fact that the Enron debacle is so complex that the company's misdeeds could not be readily understood" (Madrick). However, this is not a viable excuse. Leading up to Enron's downfall, Enron's profit margins were visibly low, and the company's earnings were increasing rapidly while the company's cash flow was not. Thus, although many journalists do not have extensive financial backgrounds, these signs should have been clear enough to indicate that there was something significantly wrong with the company, and as the two economists Alexander Dyck and Luigi Zingales, stated "while many transactions were concealed, there

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was enough public information available to raise serious doubt about the credibility of Enron's earnings" (Maidment).

On the other hand, although the media clearly missed a number of relatively obvious warning signs, there were a number of factors that impeded the media's coverage of Enron. While there were some areas within Enron's financials that indicated the company was not as healthy as portrayed, much of Enron's financials and business practices were "largely impenetrable...mind-numbingly complex...deeply frustrating...mysterious" (Shaw). Furthermore, when journalists attempted to investigate Enron, they were met with harsh opposition. Enron employed an extensive lobbying staff and investor relations department that went to great lengths to suppress any opposition to the company. In addition, another factor that contributed to the media's poor coverage of Enron was the September 11th terrorist attacks. Less than one month after Skilling's resignation, the September 11th terrorist attacks occurred; consequently, most news organizations devoted the majority of their efforts and resources to covering this event. Lastly, although the coverage of Enron was inconsistent at best, it is important to note that there were a few critical articles published before its downfall. For example, despite harsh opposition from many of Enron's top executives, Bethany McClean published an article in the March 5, 2001 issue of *Fortune* entitled, "Is Enron Overpriced?" in which she began questioning Enron's inflated stock price.

Overall, the media's coverage of Enron was subpar at best. Not only did the media blindly act as "cheerleaders" for the company, but they ignored a number of obvious warning signs as well. Consequently, because the media ignored these early warning signs, they did not cover Enron's downfall until it was too late; many investors had already lost a significant portion of their investment by the time they were aware of Enron's true condition. Moreover, not only were the media slow to report on Enron, but when the media did finally publicize the event, it did not receive prime coverage and many conflicting viewpoints were presented. The media largely allowed Enron's management to dictate what information was given to the public, and Enron's management often pressured reporters into presenting only positive information about the company. Thus, in the end, as John Olson, an analyst with the Sanders Morris

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Harris Group, stated, “Enron was great at gaming the system and they gamed us on Wall Street. They gamed the media. They gamed their accountants and they may have gamed their lawyers. In the end, they may have even gamed each other” (Anderson).

Technology Bubble & The Savings and Loan Crisis

In addition to the poor coverage of the media during the downfall of Enron, the media also failed in their coverage of the Technology Bubble and the Savings and Loan Crisis. During the Technology Bubble,

The role of the news media in the stock market was not, as commonly believed, simply a convenient tool for investors who were reacting directly to the economically significant news itself. The media actively shaped public attention and categories of thought, and they created the environment within which the stock market events we see are played out (Bhattacharya, Galpin and Ray).

Thus, the media created the context in which the Technology Bubble occurred. Through their coverage, the media were able to direct the attention of the public to technology stocks, and ultimately convince investors that these stocks were worth investing in. Moreover, not only did the media participate in convincing investors to purchase technology stocks, even when there was no financial data to support this decision, but the media also produced conflicting viewpoints throughout their coverage. As the authors of the article “The Role of the Media in the Internet IPO Bubble” stated, “During the Dot-Com Era, the media tended to be over-optimistic when prices were rising but over pessimistic when prices were falling” (Bhattacharya, Galpin and Ray). Instead of looking at factual data, the media simply reported on the trends occurring in the general marketplace. In doing this, the media failed to provide the public with an accurate depiction of what was really occurring within the technology industry; they only exacerbated trends that were already occurring by providing additional hype.

Similar to the coverage of the Technology Bubble, the coverage of the Savings and Loan Crisis was also substandard at best. During the coverage of the event, there was a blatant bias on televised news. When the three major nightly news broadcasts asked a total of 80 on-air

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sources for their views on the S&Ls between mid-December and mid-February, three-fourths were government officials and one-fourth were financial industry spokespersons or private analysts. Thus, no public interest spokespersons were given the opportunity to even comment on the issue. Furthermore, when Ralph Nader and Jesse Jackson produced reports stating the bailout should be the responsibility of the rich because they benefited the most from the scandal, the media immediately dismissed the reports. For example, when Nader released the report “Report to U.S. Taxpayers on the Savings & Loan Crisis,” it was not covered by any of the three nightly news networks and no coverage occurred in the *Washington Post* or *The New York Times*. In addition to the media’s failure to cover the viewpoints of public interest spokespersons and the report’s of political figures such as Ralph Nader, most media also failed to point out that the Savings and Loan Crisis was “rooted in financial speculation that Reagan policies have encouraged” (Bond). Thus, the interests of the government were placed before the media’s obligation to the public; the media failed to provide the public with objective viewpoints in order to benefit parties such as the government. Overall, the media’s performance during the Technology Bubble and the Savings and Loan Crisis was unimpressive, and they failed to provide the public with accurate information.

WHAT THEN IS THE PROBLEM?

Although the coverage of past financial crises has been substandard at best, minimal coverage of financial crises has still existed. Therefore, how is it possible that so many consumers were unaware of the situation, both during the financial crisis of 2008 and past financial crises? Was it only poor coverage, or were there other contributing factors?

One of the major contributors to the public’s failure to recognize the condition of the financial industry is that “the reading public wants to read only what it wants to believe” (Roush). During times when the market is performing well and investors are receiving high returns, the public is not very receptive to the notion that the market may potentially go down and they may no longer see the returns they desire. As Chris Roush states in the article *Warnings*, “It is very hard to get the public’s attention for stories warning of complex financial risks in the middle of a roaring, populist bull market” (Roush). Thus, investors would rather remain

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blissfully unaware than accept the potential for a decline in the market. Moreover, if the public even took the initiative to read an article discussing the potential for a market downturn, most “people would have said ‘Ha ha, maybe,’ and gone about their business” (Roush).

Furthermore, a prime example of the public’s refusal to accept negative market outlooks during a bull market is evident in the story of Nouriel Roubini, an economics professor at New York University. In 2006, Roubini gave a speech at the International Monetary Fund warning that the United States would experience a burst in the housing bubble, an oil shock, a steep decline in consumer confidence, and, ultimately, a profound recession. Upon giving this speech, however, the audience laughed at Roubini’s warnings because at the time unemployment and inflation was low and the economy was still growing modestly. As a result, the audience felt Roubini’s warnings were unfounded, and they did not accept the possibility of a downturn in the market. However, in the year following Roubini’s speech, subprime mortgage lenders began to declare bankruptcy, hedge funds went under, and the stock market declined substantially. Thus, despite the resistance Roubini faced, his predictions ultimately became a reality, and, as economist Prakash Loungani stated, “He sounded like a madman in 2006, but he was a prophet when he returned in 2007” (Mihm). In the end, although the media clearly did not adequately cover past financial crises, it is undeniable that the public contributed to its own ignorance. As Andy Serwer, the Managing Editor for *Fortune* stated, “There’s plenty of greed to go around. Everyone’s complicit”; the public is perfectly content remaining unaware of a potential market downturn so long as their returns remain steady (Writer).

In addition to the public’s unwillingness to listen to negative news during a bull market, another major contributor to this phenomenon is the fact that the audience of the financial press is often comprised of the same people that the journalists are writing about. For example, during the financial crisis of 2008, “A major part of the problem is that the financial journalists who cover Wall Street are used to writing for Wall Street’s customers – the very mortgage companies and financial institutions that were raking in millions from the bubble”

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(Schechter). Thus, in order to please these individuals and promote the sale of financial magazines and newspapers, journalists will publish information that places companies and organizations in a more favorable light. By creating a more favorable image of these organizations, the individuals associated with them are more likely to purchase the publication. Therefore, in order to avoid being cast aside within the media industry, much of the financial press concedes to the demands of their audience and publishes articles that the readers of the financial press find appealing.

Additionally, the poor coverage of the media is further enhanced by the media's inherent conflict of interest. As seen in recent years, the coverage of the media is often swayed by increased compensation. For example, during Enron's reign, the analysts of many investment banks were persuaded to issue favorable reviews in return for investment banking business.

As David Shaw, a reporter for the *LA Times* stated,

Companies such as Enron have considerable leverage over them, saying (implicitly, if not explicitly), 'We support the analysts who support our stock,' meaning they'll give their lucrative investment banking business to those firms whose analysts issue strong "buy" recommendations for their stock (Shaw).

Furthermore, the idea that analysts often construct favorable reviews of companies in return for monetary compensation is further demonstrated by the large salaries that analysts are paid. Analysts are paid exorbitant amounts "not because they write nice reports with glossy covers. It's because they help generate fees for their firms by taking a very, very optimistic view of a stock, even if they don't necessarily believe it" (Shaw). Thus, because analysts have a vested interest in the reports they produce, they have a tendency to deviate from the truth and create inaccurate reports that better suit their monetary desires. Not only is the media's conflict of interest shown through its performance during Enron's reign, but many of the investment rating agencies, such as Moody's, acted in this manner as well. The role of investment rating agencies is to help investors better evaluate the risk in what they are buying. However, during the bull market leading up to the burst of the housing bubble, many of the agencies "either underestimated the risk of mortgage debt or simply over-looked its danger so they could rake

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in large profits during the housing boom” (Morgenson). Thus, as did analysts during the Enron scandal, rating agencies, in order to benefit their own agenda, during the financial crisis of 2008 also failed to provide investors and the public at large with accurate investment information. As a result, although there was the appearance of information, the information was of little value to the public because the media simply used it to benefit their own interests.

However, the media’s conflict of interest extends beyond that of monetary benefits; the media have also often trades subservience for access. Alexander Dyck, an economist at the University of Toronto, stated that there is a “systemic quid pro quo bias between journalists and their sources, whereby journalists receive private information in exchange for a positive spin on companies’ news” (Maidment). Therefore, the media are only relaying the information to the public that the organizations want them to hear and any negative news remains unheard. Furthermore, the tendency of the media to trade subservience for access is also greatly amplified during economic bubbles. Because growth forecasts become increasingly important to investors during bubbles, many companies are even more concerned with spinning news to show a positive outlook and muting bad news. As a result, companies use their ability to restrict journalistic access in order to limit the ability of the media to discover potentially damaging information. Thus, journalists are increasingly forced to comply with the demands of companies in order to gain information. Overall, “it’s no secret that journalists trade access for soft treatment”; the media in today’s society is willing to trade objectivity for access to additional information and monetary rewards (Rose). Financial reporters became financial stenographers.

Not only is the media’s coverage compromised by their inherent conflict of interest, but it is also tarnished because the media do not often like to admit when they are wrong. As Peter Behr stated, “Journalists take pride in finding out answers to questions, not in being stumped and misled” (Behr). Thus, the media enjoy touting when they are correct and uncover a ground-breaking story, but they have a difficult time accepting their mistakes. As a result, the media often have difficulty presenting a new viewpoint when evidence arises in contradiction to their initial stance.

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In addition to the media's inability to accept failure, their coverage is further deteriorated because "the press doesn't pay as much attention to some of these regulatory issues that have more impact on the world" (Kurtz). In American society, the media are often more concerned with political stories than business stories, even though events in the business arena often have a wide reaching impact on society. For example, during the Enron scandal, the few critical pieces that were written before the company declared bankruptcy focused mainly on the alleged political scandal associated with the company. As Howard Kurtz states,

In February, the *Los Angeles Times* reported on the close ties between Lay and the president, noting that Bush had flown on Enron jets during the campaign...In May, the *New York Times* quoted the federal government's top electricity regulator, Curtis Hebert Jr., as saying Lay had offered to support his continued tenure if he changed his views on energy deregulation (Kurtz).

Furthermore, not only was the coverage prior to Enron's downfall primarily focused on the alleged political scandal, but the extensive amounts of coverage surrounding Enron after its declaration of bankruptcy was still largely in regards to the political aspects of the situation. As discussed in a television special on PBS in the weeks following Enron's downfall "it's Enron all the time, thanks to the company's ties to the Bush administration and its showering of campaign money on Capitol Hill" (McLean, Madrick and Allen). Thus, despite the fact that Enron's downfall was the largest corporate bankruptcy in U. S. history, the majority of the coverage regarding the event still focused mainly on the ties the government had to Enron.

Lastly, another major contributor to the media's inconsistent coverage of financial crises has been the decline in the fortunes of the newspaper industry. In 2008 alone, the newspaper industry lost 13,000 jobs. Consequently, not only were there 13,000 fewer journalists who could potentially cover the events unfolding in the financial industry, but it also increased the level of competition between the remaining members of the newspaper industry as well. Because members of the industry were increasingly fearing for their jobs, they became more focused on covering stories that would "sell papers" and were not necessarily focusing on the events that needed to be covered. Moreover, as Dean Starkman wrote,

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The disintegration of the financial media's own financial underpinnings could not have come at a worse time. Low morale, lost expertise, and constant cutbacks, especially in investigative reporting – these are not conditions that produce an appetite for confrontation and muckraking (Starkman).

Thus, the characteristics of the newspaper industry at this time discouraged active investigation of the events unfolding in the financial industry.

Overall, there are a number of factors that have contributed to the inconsistent coverage of financial crises. The media's inherent conflict of interest, both in terms of monetary rewards and trading subservience for access, has ultimately resulted in a disservice to the public. The public is no longer receiving factual and objective information. Instead, the public now hears primarily what corporate America wants it to hear. Furthermore, because journalists dislike admitting when they are wrong, the public increasingly receives inaccurate information. In addition, the media's tendency to favor reporting on political events has also hindered the coverage of the financial industry. However, although the media are largely at fault for the insufficient coverage of financial crises, the audience has contributed to its own ignorance. During times of economic prosperity, the public is often complacent and blissfully ignorant. The public is more content reaping the benefits of a booming economy than being concerned with the potential for a future downturn in the market. Lastly, the recent difficulty of the newspaper industry has also severely impacted the strength of the financial media because there are fewer experienced journalists who are willing and able to report on the often complex on goings of the financial industry. In the end, the poor coverage of financial crises cannot solely be blamed on one party; the media and the audience have both played a role.

WHAT CAN WE DO AS CONSUMERS TO PREVENT THIS FROM HAPPENING AGAIN?

There are a number of preventative measures that consumers of the financial press can take in order to help prevent this failure from happening again. One of the most crucial preventative measures that consumers should take is to increase their level of media literacy. In today's society,

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We're continually bombarded with messages from newspapers and magazines, movie and television screens, Internet websites, and chat rooms. We have to know how to filter out what we don't need or want and how to access and then interpret, analyze and evaluate what's useful (Trampiets).

Furthermore, it is increasingly important to be able to interpret, analyze, and evaluate information presented by the media because most governments and businesses have extensive public relations departments. With these departments, governments and businesses can promote the "good news" into the public. As a result, the majority of the information the media report as "news" comes directly from public relation departments and press releases. In addition, becoming more media literate is also essential in understanding how structural features, such as media ownership, influence the information given to the public; media outlets often convey information that reflects the interests of the corporation they are owned by. Ultimately, "media literacy is about asking smart questions and making smart choices; it's about using media selectively and reflectively" (Trampiets). In doing this, consumers will be more accurately informed, and they will be able to better detect propaganda, censorship, bias, and the impact of media ownership on coverage.

Not only is it important for consumers of the financial press to interpret and analyze the information presented to them in order to see past the biased information of public relation departments, but it is also important because Americans are becoming increasingly responsible for their own financial security. Today, there are more Americans investing in the stock market than ever before; nearly half of all American households invest. Moreover, since the 1980s, the number of individuals investing in mutual funds has increased from one out of every 18 to one out of every three people. Thus, having the ability to interpret and analyze the financial press is crucial in order to make informed investment decisions. In addition, the importance of this ability is further enhanced because more Americans are taking responsibility for their retirement needs. Therefore, it is important that individuals make informed investment decisions that will enable them to provide for their future.

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In addition to becoming more media literate, it is also essential that consumers of the financial press accept that nothing is truly objective. Objectivity requires strictly “adhering to the principals of fairness, factuality and nonpartisanship. It’s an attempt to get all sides of the story, and to leave oneself out of it. It’s about being neutral” (Editor). Although reporters are well aware of what it takes to remain objective, the objectivity of the media in today’s society has greatly diminished. As an Atlanta editor stated, “The more a reporter inserts personality and observation, the more objectivity is lost. As soon as the first words are typed, the personality of the person at the keyboard comes through, even if just a little bit” (Editor). Thus, many reporters are more concerned with “telling a story” and expressing their own opinion than remaining neutral and presenting factual information. Furthermore, objectivity is also diminished by the information the reporter chooses to leave out, either due to word count limitations, accident, or circumstance. Ultimately, as shown by a survey conducted by the Sacred Heart University Polling Institute, 67.9% of Americans think that “objective and fair journalism is dead” (Lucas). Moreover, only 24.3% of Americans believe all or most of reporting, and 86.6% of Americans think that journalists strongly or somewhat have their own opinions and attempt to influence public opinion. Overall, “the media as a whole cannot be truly objective about any story;” therefore, it is essential that media consumers recognize this and take it into consideration when consuming information in order to better facilitate making informed financial decisions (Lucas).

In the end, in order to help prevent future financial crises from occurring it is necessary that consumers of the financial press must become more media literate and recognize that no news is truly objective. By becoming more media literate, consumers will be able to better detect propaganda, censorship, biases, and the effects of media ownership. Subsequently, consumers will be able to formulate more accurate opinions and make more precise decisions. In addition to becoming more media literate, recognizing that the media is never truly objective will further consumers’ ability to make more informed decisions. In the end, it is essential that consumers make an effort to become more media literate and to actively recognize that the media are not objective in order to prevent financial crises, such as the financial crises of 2008 and the downfall of Enron, from happening again in the future.

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CONCLUSION

In conclusion, the media's coverage of the financial crisis of 2008, as well as past crises including the downfall of Enron, the burst of the Technology Bubble, and the Savings and Loan crisis, has been extremely limited. During these events, the media failed to provide accurate coverage, and the minimal coverage that did exist was often biased and delayed. However, the media's failed coverage was not the only factor that contributed to the public's lack of awareness. Factors such as the public's unwillingness to listen to the media also contributed greatly to this phenomenon. Thus, in order to prevent these failures in the future, consumers of the financial press must take action. They must become more media literate and recognize that no source of information is truly objective. Therefore, in the end, the public's lack of awareness regarding catastrophic events in the financial industry is not the sole fault of one party; the media and the public both are both at fault. Thus, in order to prevent this trend from continuing, both the media and consumers of the financial press must take preventative measures. Ultimately, without the dedication of both parties, this phenomenon will likely continue and financial crises will continue to go unnoticed until it is already too late.

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