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## Hello to all that: 'credit crunches', 'great depressions' and journalist retrojection

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## CHAPTER FIVE

### HELLO TO ALL THAT: 'CREDIT CRUNCHES', 'GREAT DEPRESSIONS' AND JOURNALISTIC

#### RETROJECTION

David Deacon

#### Introduction

One of the standout tracks of Bob Dylan's 2006 album 'Modern Times' is 'Working Man's Blues #2'<sup>1</sup>. On first listening, the elegiac melody and lyrics describing the desperation and hunger of an unemployed man facing an itinerant future and the loss of his family evoke powerful associations with the Great Depression of the 1930s. This historical connection is partly conjured by references in the lyrics to humming rails, lost dimes, burned barns and stolen horses, and partly by inter-textual references to earlier popular songs about the plight of the American working classes. The inclusion of '#2' in the title acknowledges Merle Haggard's 1969 song of the same name and the chorus contains direct quotations from June Christy's 1946 song 'June's Blues'. On further listening, however, it is also clear that the song is as much about the contemporary world as it is about distant dustbowls and depressions. In the opening verse, Dylan alludes to the consequences of globalization for local labour, describing the weakening buying power of local currencies and the lower wages necessitated by international competition. Viewed in the context of Dylan's later career, this temporal ambiguity seems part of a wider theme in his later work. In his 1993 album, 'World Gone Wrong', he included two songs by a depression era group called the Mississippi Sheiks. On the album's self-penned liner notes he wrote 'all their songs are raw to the bone & are faultlessly made for these modern times (the new dark ages)'.

Dylan may have once said that you didn't need to be a weatherman to know which way the wind blows, but 'Working Man's Blues #2' was remarkably prophetic for two reasons. First, there is

its appreciation of the proximity and permanence of economic insecurity, despite being conceived, written and recorded in the middle of a sustained credit-fuelled economic boom in the USA and elsewhere, financed by escalating property prices and poorly regulated financial practices. Second, it anticipates presciently how the great global 'credit crunch' that punctured this economic bubble would come to be framed and contextualised in wider public discourses. For within two years of the song's release, the Great Depression of the 1930s and the Wall Street Crash of 1929 that some claim precipitated it were back at the centre of public debate, as politicians, journalists, economists and the wider commentariat sought to gauge the extent of the current crisis and what its consequences might eventually look like.

The discussion in this chapter examines how and when this sudden collective remembrance of these temporally distant events began to emerge from 2007 onwards in British national press coverage. It argues that as the financial vicissitudes intensified, editors and journalists turned to the past to try to project how events might work out in short and medium term. Before presenting this analysis, it is necessary to preface this with a brief consideration of the causes and contours of these temporally distanced financial catastrophes, to provide context to the analysis that follows.

### **The 2008 Credit Crunch**

The financial crisis that broke most dramatically in late 2008 started with problems in the US real estate market that came to infect the global financial system. Over the preceding few years there had been a vast expansion in the sub-prime housing market, where lenders issued mortgages to borrowers with weak credit profiles, on the assumption that enduring low interest rates and steeply rising property prices would remove any risk of significant defaults. At the same time, the responsibilities and risk associated with these debts were defrayed across the financial system by the issuance of Mortgage Backed Securities that were pooled under Collateralized Debt Obligations

and sold on through the global financial markets. This practice of 'securitization' had been around for decades, but after 2000 it increased to unprecedented levels. As well as seen as managing risk, it had the additional appeal of transforming an illiquid debt into a liquid one that could be more easily traded on the markets. <sup>ii</sup>

These innovations in mortgage financing were both central to, and emblematic of, wider changes in the operation of the financial system internationally in the lead up to the 2008 crisis, which saw a proliferation of new financial instruments designed to generate profit, including leveraged buy-outs, derivative markets and credit default swaps. <sup>iii</sup> Over this period, many governments lightened their regulatory touch to promote international competitiveness, 'allied to a set of policies that sought to promote the financialisation of citizens, encouraging all citizens to become more reliant on credit to fund themselves through the life cycle as well as paying for immediate consumption and major expenditure such as houses'. <sup>iv</sup> For a while the system seemed to work, as sustained growth led economists and politicians to proclaim the dawning of a 'NICE' era (Non Inflationary Constant Expansion) and an end to boom and bust. Some dubbed the period 'the great moderation', a concept expanded upon in an article published in *The Times* in January 2007:

It is the liberation of markets and the opening-up of choice that lie at the root of the transformation. The deregulation of financial markets over the Anglo Saxon world in the 1980s had a damping effect on the fluctuations of the business cycle.

These changes gave consumers a vast range of financial instruments (credit cards, home equity loans) that enabled them to match their spending with changes in their incomes over long periods... The Great Moderation offers another precious lesson in an old truth of economics: the power of creative destruction. The turmoil of free markets is the surest way to economic stability and prosperity. <sup>v</sup>

The exposure of the fallacious and hubristic nature of these claims<sup>vi</sup> began when interest rates in the USA started to rise in the middle point of the decade, leading to a steep increase in mortgage defaults and decline in property prices. As awareness grew about the toxic impact these liabilities would have, the complexity and connectedness of the interbank network 'created enormous uncertainty about the extent of counterparty risk'.<sup>vii</sup> These concerns lead to a sudden and tightening of credit globally – labelled the 'credit crunch'<sup>viii</sup> – which slowed economic growth in the US and Europe and increased the pressure on leveraged institutions, whose asset values declined as their sources of funding disappeared. The situation became critical in September 2008 with the collapse of Lehman Brothers in the USA, a leading investment bank, which sparked panic in the markets as the prospect loomed of a string of bank failures. Only swift actions by the leading national economies prevented defaults, which involved nationalizing several banks and providing huge financial subsidies and guarantees. At the time of writing (September 2011), the consequences of this crisis and the short term actions taken to prevent its escalation, are still being felt and conditions remain extremely uncertain. Governments across the world have been forced to introduce austerity programmes to pay for the huge bail outs and reduce high levels of public indebtedness that built up during the NICE era. The deep cuts in social welfare this has necessitated have caused major social and political unrest, and at the same time the prospect of any escape through economic recovery remains remote, with most of the economic indicators revealing persistently unimpressive figures. With a few exceptions, the global economy continues to flat-line and fears of a global 'double-dip' recession remain acute.

As will be shown, as the crisis broke and intensified many journalists increasingly referred to the 1929 Wall Street Crash and the Great Depression of the 1930s when seeking to assess the scale of the collapse and its potential consequences. But before considering how these comparisons emerged and developed it is first pertinent to consider whether these comparisons were just 'simple

journalistic metaphors' or 'the intuitive recognition of a fundamental similarity between those events and the current ones'.<sup>ix</sup>

### **The 1929 Wall Street Crash and the Great Depression of the 1930s**

The logic for drawing comparisons between the Wall Street Crash of 1929 and the 2008 financial crisis is obvious: both displayed the classic characteristics of a financial bubble in which the markets became dangerously decoupled from the real economy; both originated in the same locations (the US financial sector); and both were rapid and largely unexpected in their onset and severity. Moreover, in the specific details of the 1929 Crash there are some striking contemporary parallels. Property speculation played its part in inflating the bubble that led to the Great Crash, most notoriously in the Florida property boom that collapsed in 1925. The economic boom of the so-called 'roaring Twenties' was fuelled by the availability of cheap credit and a range of new financial innovations were developed to facilitate and increase stock market speculation. For example, there was a phenomenal increase in margin trading from the mid 1920s, which both amplified financial gains and the risk of potential losses. Governments and regulators failed to keep pace with these new activities and due diligence flew out of the window. As the financial euphoria gained momentum, wider sections of society became embroiled in it seeking the opportunity to make a fast buck. Hubris abounded, not least among the financial elites, who were feted by politicians and the public as the 'Lords of Finance'<sup>x</sup> (much as Tom Wolfe's sardonic label 'Masters of the Universe' came to be more widely and uncritically applied to describe international bankers at the end of the Twentieth century). Those who warned the increases were not sustainable were dismissed as Jeremiads. As in 2008, when the extent to which the bubble relied on speculative credit became evident, the collapse was dramatic and vertiginous. As a direct result of this and consequential crises, several major financial institutions collapsed.

The case for equating the 2008 financial crisis with the Great Depression of the 1930s is less clear, for several reasons. First, even when defined solely in economic terms, the depression was not a single crisis but a series of crises that played out over a lengthy period of time and whose impacts had differential geographic effects. For example, the international liquidity and currency crises between May and September 1931 had particularly direct and detrimental consequences for the British Economy.<sup>xi</sup> In contrast, the bank runs and failures so commonly associated with this era occurred in the USA and several European nations, but not in Britain, where no bank failed. Second, there is no clear consensus as to when and how the Depression started (or indeed ended). The Wall Street crash is often seen as a catalytic, even causal, factor behind the Great Depression, but this is disputed by some (e.g. Reed, 1981/ 2008). Third, its social, economic and political consequences cannot be adequately summarised in terms of monetary losses. For example, Claude Cockburn's book 'the Devil's Decade' shows the extent to which the economic downturn in Britain distorted and divided all aspects of social, cultural and political life in the 1930s, at once exacerbating deprivation and consolidating privilege. In his view this created a profound shift in political psyche of the nation:

[i]t was at this period that the image of Them and Us first became widely recognised in Britain... All that was universally known among Us about Them was that They were out to bilk, mislead, confuse and thwart Us at every turn.<sup>xii</sup>

Fourth, comparing the 2008 crisis to the Great Depression represents a comparison of a crash with a slump; or to put it another way, linking a specific financial *cause* with a long-term diffuse economic *effect*. Moreover, to draw parallels between the credit crunch of 2008 and the Wall Street crash of 1929 from the vantage point of 2008 was to compare what *had* happened, whereas to instantaneously compare the emerging crisis with the Great Depression was to speculate what *might* happen. Therefore, in strict terms, it was not so much a comparison as a projection.

At the risk of generalisation, historians tend to be more cautious than economists in making historical comparisons, perhaps because they are less concerned with macro-statistical indicators and more interested in temporal and cultural specificities. But even to less historically inclined minds, there are grounds for questioning the validity of straightforwardly comparing the contemporary crisis to either of these events. The most obvious involve the considerable historical distance of these past events which occurred far beyond the reaches of living professional memory. As the Chief economist for Goldman Sachs remarked at the height of the crisis: 'Some suggest it has not been like this since the Great Depression. It is tough to see how those who offer this opinion would know, as few were alive, never mind working in finance'<sup>xiii</sup>. Although Ben Bernanke, the current chair of the Federal reserve, would give short shrift to such arguments – being a renowned expert on the causes of the Great Depression - it is self evident that national economies and the organisation of financial markets have transformed profoundly since the late 1920s. The financial bubble that started to inflate during the 'Roaring Twenties' had its roots in the emerging age of 'the automobile, oil and petrochemicals' whereas the latest developed in a second period of globalization, 'the age of information and digital technology'.<sup>xiv</sup> These recent technological innovations have been both a focus for unsustainable financial speculation in their own right (witnessed in the 'dot.com' collapses at the start of the 21<sup>st</sup> century) and an integral component of the subsequent global and unregulated financial innovation and speculation that collapsed in 2008. As Hope argues: 'In general terms, digitalized networks form the infrastructure of a financial system that invests in the expansion of infotech corporations. More specifically, digitalized communication networks are also financial networks and this dual function fuses money and information'.<sup>xv</sup> These networks have profoundly changed global financial markets by increasing their interconnectedness, the speed of transactions and compromising the regulatory capacity of nation states. According to one renowned Economist this created unique and unprecedented conditions for the 2008 crisis:

[c]ommentators who insist that the present turmoil is simply the latest in a long line of crises driven by bubble dynamics miss the point that this time, the asset bubble was propagated across the world through securitization technology and the 'originate and distribute' model of banking which only came to fruition in the 2000s. The model encouraged high leverage, complex financial instruments and opaque markets all of which put this crisis in a league of its own.<sup>xvi</sup>

In sum, although there are obvious grounds for comparing the recent economic situation with those that pertained in the late 1920s and 1930s, such comparisons demand caution and recognition that current events, however grave, cannot be seen as a simple re-enactment of the past.

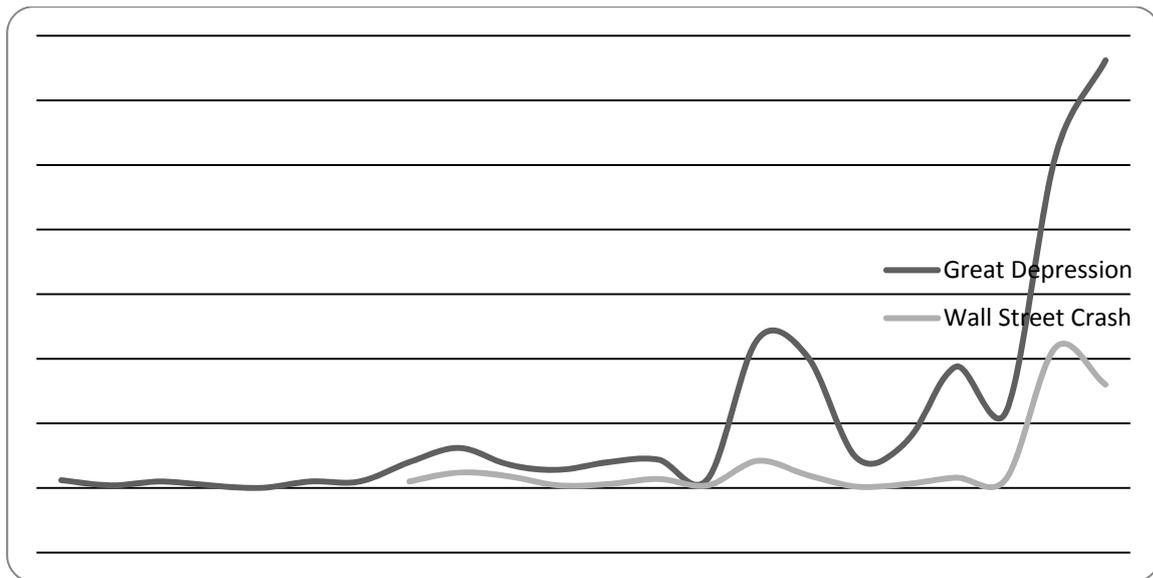
### **Recovering the past in an uncertain present**

With these contexts and caveats in mind, the discussion now examines how the British national press turned to history when interpreting and evaluating the gathering drama of the 2007/8 financial crisis. The examples and statistics presented in the following sections were derived from analysis of a corpus of national press news items, feature articles and commentary pieces collated via a keyword search of national newspaper content published between 1 January 2007 and 31 October 2008 and held in the 'Nexis' data-base<sup>xvii</sup>. The newspapers sampled were the *Guardian*, *Observer*, *Times*, *Sunday Times*, *Daily Telegraph*, *Sunday Telegraph*, *Independent*, *Independent on Sunday*, *Daily Mail*, *Mail on Sunday*, *Daily Express*, *Sunday Express*, the *Sun*, *News of the World*, *Daily Mirror*, *Sunday Mirror*, *Star* and *Star on Sunday*.

Figure 5.1 quantifies on a month-by-month basis when and to what extent the terms 'Great Depression' and/ or 'Wall Street Crash' entered the lexicon of the British national press from January 2007. The results show that these terms only started to feature to any noticeable extent in the last

few months of 2007 and only gained considerable prominence towards the latter part of 2008. The peaks in this time-line correlate with a series of key events in the unfolding financial crisis that demonstrated manifestly the gravity and likely endurance of the travails emerging in the British and global economies. For example, the first significant flicker of press attention occurred in September 2007 when deepening public concerns and official vacillations about the ailing British Building Society, Northern Rock, suddenly created lengthy queues at its bank tills, as thousands of anxious customers sought to withdraw their savings. A bank-run was only prevented by the government nationalising the society and guaranteeing to protect customers' assets, but several articles published in this month commented upon the redolence of these scenes with bank failures of the late 1920s and 1930s (which, as has been noted, didn't occur in the UK). As one columnist in *the Guardian* put it, 'The queues snaking out of every Northern Rock branch look like grainy pictures from the 1929 Wall Street crash. The only bank run we've ever seen is in Frank Capra's *It's a Wonderful Life*, but where is James Stewart to rush out and beg the savings and loans customers not to destroy their own mutual lifeline?'.<sup>xviii</sup> The next significant peak occurred in March 2008, when Bear Sterns, a US based global investment bank and securities trader collapsed and was taken over by JP Morgan Chase in a bargain sale backed by \$30 billion dollars of Federal Government funding to avoid bankruptcy. But by far the most dramatic increase came between September and October 2008 as markets reeled and governments were forced to introduce all manner of radical changes in fiscal policy to prevent complete collapse in the financial markets.

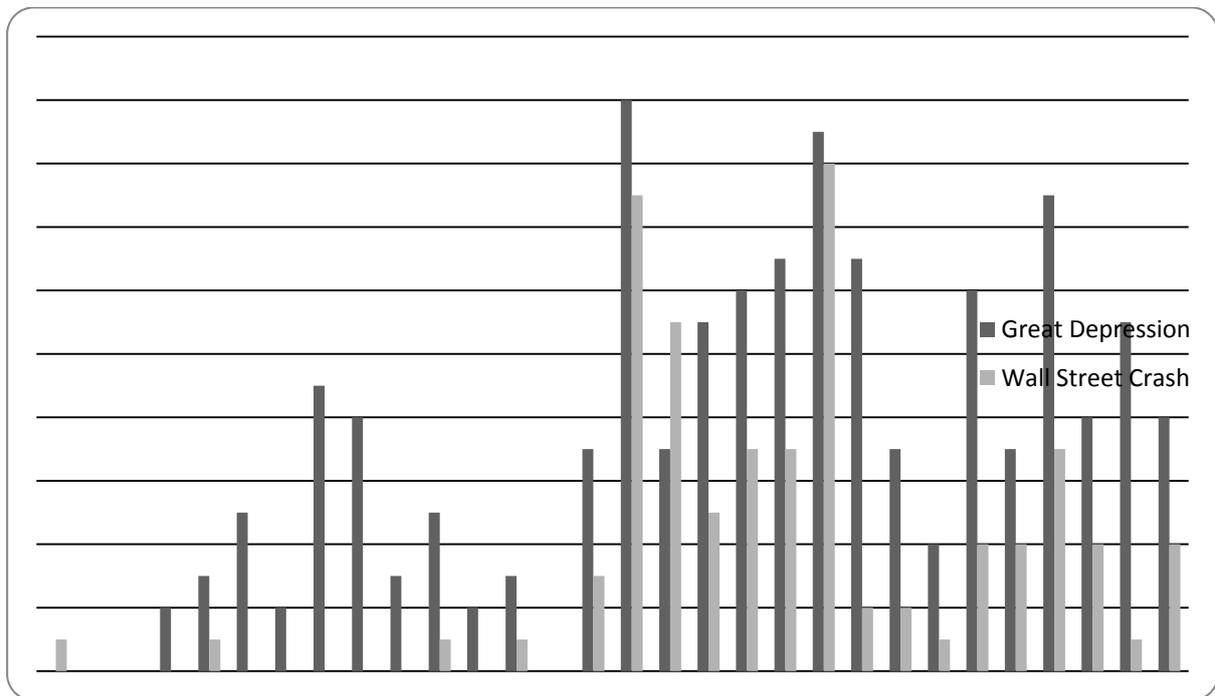
**Fig 5.1 Frequency of appearance of the terms 'Great Depression' and/ or 'Wall Street Crash' 1  
January 2007 to 31 October 2008**



Notes: The numbers in this chart indicate the total number of references made within items to the 'Great Depression' and/or the Wall Street Crash.

Figure 5.1 also shows that references to the Great Depression far exceeded those to the Wall Street Crash throughout the sample period (by a ratio of 4.21 to 1). This could be construed as a form of 'reverse remembering', in which recollection of the amorphous consequences of the greatest economic failure of the twentieth century preceded mention of one of its major precipitate causes. This was the case even in September and October 2008 where dramatic losses in financial markets and panic in government circles seemed most obviously to invite comparisons with the dramatic and disastrous events of October 1929. This is not to say journalists were oblivious to this potential parallel. Figure 5.2 provides a more detailed time line of press referents in September 2008, and shows that the steep increase in references to the crash during this month largely occurred at the end of the month, when the 2008 crisis reached its most dramatic moments. However, this attention was transitory, and in the following month, press recollection gravitated back to the Great Depression.

**Fig 5.2: Number of Articles Referring to ‘Great Depression’ and/ or ‘Wall Street Crash’ in British National Newspaper Coverage 1 September to 30 September 2008**

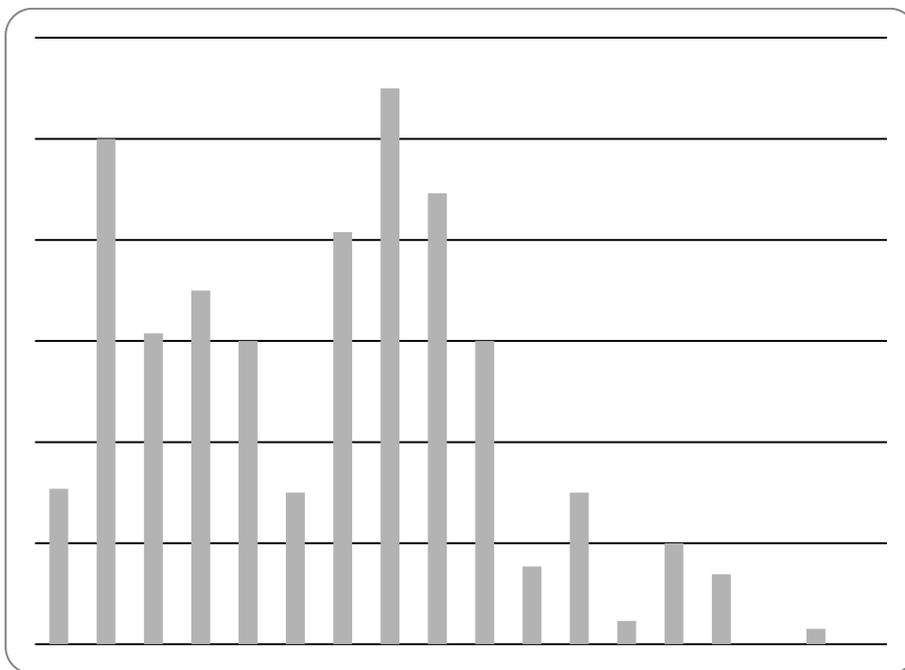


Notes: The numbers in this chart indicate the number of specific items that contained any reference to the GD and/or WSC.

Figure 5.3 compares which newspapers were most likely to make these historical references, focusing again on material published in September 2008. The results show that this historicizing occurred far more frequently in the so-called ‘Quality’ press titles, although there was some inconsistency among papers in this category (the averages in the *Guardian* and *Independent on Sunday* being appreciably lower than others). In the mid-market titles there was considerable variability, with the *Daily Mail* and *Mail on Sunday* showing far greater interest in these past events than their competitor titles. But what is most striking is how marginalised this historicizing was in the most popular tabloid newspapers. Indeed, no examples were found at all for several of these titles. To some degree these differences can be explained by differences in the news priorities and carrying capacities of these distinct press sectors – put simply, the elite press have more news space available and invest more attention on economic and public affairs.<sup>xix</sup> But these factors alone can’t explain this

disparity between quality and popular press coverage of the 2008 financial crisis, for by September of that year it was big news everywhere, even in populist media (e.g. ‘WORLD OF PAIN; GLOBAL ECONOMY FACING MELTDOWN AS AMERICA REJECTS 700 BILLION EURO BAIL-OUT’, *Daily Mirror*, 30/9/2008; ‘Banks Spanked’, *The Sun*, 30/9/2008; ‘BRITS BANK ON GBP 40 bn BAIL OUT’, the *Star*, 27/9/2008).

**Figure 5.3 Average Number of Items Per Day Referring to ‘Great Depression’ or ‘Wall Street Crash’ by Newspaper Title (1 September to 30 September 2008)**



It is only possible to speculate upon the potential reasons for this, but one factor may well have been editorial assumptions about the knowledge base of target audiences – in particular as to whether events required further explanation when invoked. For, although there was a steep rise in the number of articles referring to the economic and financial crises of the 1920s and 30s these references were typically extremely brief and unelaborated, in only a minority of cases did the references exceed more than a single sentence in length (see Table 5.4). This highlights two important points about the referencing of these distant historical events in the reporting of present

uncertainties. The past may have appeared more frequently as the economic crisis of 2008 deepened, but its presence remained largely fleeting (notwithstanding a few articles in 2008 that had the Great Depression or Wall Street Crash as their sole or main focus, something that was signally absent in 2007 coverage). Because of this, these references made assumptions of prior knowledge on the part of the reader that they would understand what was being referred to. This point may also partly explain the dominance of the Great Depression over the Wall Street Crash in reporting generally, as the former is far more deeply embedded in the public imagination, through literature, films, art and popular culture, and hence less dependent upon elaboration and explanation.

**Table 5.4: Extent of References to the Great Depression or Wall Street Crash in British Press Coverage (September 2007 and September 2008)**

**Sep-07**

	Quality	Mid Market	Popular
	%	%	%
Single sentence	68	75	0
Other incidental reference	32	13	0
Sole/ main focus	0	12	0
(number of items)	(25)	(8)	(0)

**Sep-08**

	%	%	%
Single sentence	73	86	69
Other incidental reference	20	12	12
Sole/ main focus	7	3	19
(number of items)	183	77	16

These general figures only reveal the growing extent to which journalists referred to these historical events when reporting and commenting upon rapidly changing contemporary economic conditions. They do not show to what extent these historical comparisons were deemed valid and credible. A qualitative overview of the articles across the sample period suggests there was a major shift between 2007 and 2008. In the very earliest articles, references to the Great Depression or the Wall Street Crash tended not to be related directly to current conditions. For example, an article in *The Times* in April 2007 commented: ‘Since the Great Depression at least, companies and employees in the rest of the world have feared weakness in the US economy for its spillover effects on them...As

long as the US remains in the grip of housing weakness, America's economy may suffer, but the rest of the world is not seriously threatened.' By mid 2008 more direct parallels were being drawn, but there remained a distinct scepticism about the appositeness of these comparisons. For instance, of that year *The Times* ran an article with the headline 'Steinbeck's grapes lack wrath this time round' in which the author claimed "Well, it's early days, to be fair, but so far the Great Depression 2008 is shaping up to be a Great Disappointment. Not so much *The Grapes of Wrath* as Raisins of Mild Inconvenience".<sup>xx</sup> Over the following weeks, such sanguinity seemed to dissipate and more direct historical comparisons were being drawn and disturbing projections made on their basis. For example, at the end of June the *Sunday Times* ran a piece that's headlined queried 'Are we back to the great depression?' in which the authors' concluded 'We are not in for a re-run of the Great Depression of the 1930s, but we will be having a pretty rough ride' (28/6/08: 4). Within three months, far more articles and commentaries were conveying the view that history may be about to repeat itself (e.g. 'The Economic lessons of 1929', *Daily Telegraph*, 17/9/08). Table 5.5 compares the judgements contained within all items published in September 2007 and 2008 as to whether direct historical comparisons were made between current economic difficulties and the Wall Street Crash and the Great Depression and confirms this transition. In September 2007 less than half of the few items published identified any similarities between past and present, a few actively repudiated comparisons and the rest mentioned these past events without making any manifest connections to the current day. By 2008 the picture had changed dramatically, with more than three quarters of the vastly increased number of items identifying similarities and far fewer rejecting or ignoring historical comparison.

**Table 5.5: Nature of Comparisons to Contemporary Events Made in Items Referring the Great Depression and/ or Wall Street Crash**

	September 2007	September 2008

	%	%
Comparison accepted	49	76
Comparison rejected	12	7
No direct comparison	39	17
	(33)	(276)

Once again, it is only possible to speculate upon the reasons for this change, but a key factor has to have been the dramatic and rapid intensification of troubles within international markets over this period, which exposed systemic failure in national economies and fiscal policies. The dramatic actions necessitated by governments in the worst moments of the crisis of September/ October 2008 far exceeded those required in more recent financial crashes and this can only have encouraged deeper historical retrospection. The comparisons were probably also encouraged, and lent credence, by the public comments of a select and influential range of financial experts and political elites from late 2007 to 2008, for it was not just journalists who made these connections with events in the 1920s and 30s. For example, in April 2008 an International Monetary Fund report described the American mortgage crisis as ‘the largest financial shock since the Great Depression’ (the *Guardian*, 9/4/2008), a claim repeated the following month by George Soros, one of the world’s most influential financial traders (‘Credit Crisis is the worst since the Great Depression’, *Daily Telegraph*, 21 May 2008). In August, Alastair Darling, the British Chancellor of the Exchequer, whilst avoiding reference to Depressions and Crashes, described the situation in the UK as the ‘arguably the worst’ for 60 years, and in doing so undermined the official public line adopted by his administration and echoed an earlier prognosis offered by Alan Greenspan, the former head of the United States Federal Reserve Board, in which he claimed ‘The current financial crisis in the US is likely to be judged as the most wrenching since the end of the second world war’ (quoted in the *Guardian*, 18/3/2008). On 15 September, Barak Obama, then Democratic Presidential contender, described the current situation as ‘the most serious financial crisis since the Great Depression’.<sup>xxi</sup>

These examples demonstrate that the historical comparisons made were not entirely journalistic confections. Indeed, it could be argued that in this respect the media were reflecting rather than setting an agenda. However, there are problems with characterising the media appropriation of the past in this instance as simply a dependent variable – relaying frames of reference rather than defining them. First, because all of the instances mentioned above represented occasions when elite and influential figures were making public interventions regarding the developing financial crisis (for example, Obama was on the presidential campaign trail, the IMF were launching a major report on the global economy, Greenspan’s intervention first appeared in an article he wrote for the *Financial Times*, Soros’s statement accompanied the launch of his new book, *The New Paradigm for Financial Markets: The Credit Crisis of 2008 and What It Means*, and Darling’s comments were made in a lengthy interview with the *Guardian* newspaper). In all of these occasions, these elite sources were courting media attention and by doing so would have been mindful of the imperatives of media logic: the need for concision, the need to emphasise drama and significance, etc. In effect, these elite sources were assuming a reportorial function, as Ericson et al once put it, ‘do[ing] all the essential ‘signwork’... in order to produce an acceptable news account”.<sup>xxii</sup> The second reason for arguing that the media had an active role in advancing historical comparisons with the 1929 crash and the depression is the rarity with which journalists attributed their comparison to specific news sources (see 5.6). In the majority of cases, references to the ‘Wall Street Crash’ and ‘the Great Depression’ were made independently by journalists to emphasise the frightening scale and severity of contemporary difficulties, particularly in 2008.

**Table 5.6: The percentage of items where items referring to ‘The Great Depression’ or ‘Wall Street Crash’ were attributed directly to a news-source (September 2007 and September 2008)**

	September 2007	September 2008

	%	%
Attributed	70	85
Not Attributed	30	15
(Number of Items)	(33)	(276)

The sources that were reported as making these historical references were exclusively from the UK and USA, even though the crisis was global in its origins and implications (see Table 5.7). They were also mainly elite sources, revealing this as a subject in which popular memories were seen as having little pertinent to contribute. This further highlights that in revivifying memories of the Great Depression, journalists fixated on economic cost rather than social loss.

**Table 5.7: News Sources with an Attributed Reference to either the ‘Wall Street Crash’ or the ‘Great Depression’ by Whether a Comparison With the 2008 Crisis Was Accepted, Rejected or Not Made**

	Comparison accepted	Comparison rejected	No direct comparison
<b>UK sources</b>	<i>N</i>	<i>N</i>	<i>N</i>
<ul style="list-style-type: none"> <li>• Gordon Brown, Prime Minister</li> <li>• Alastair Darling, Chancellor of the Exchequer</li> <li>• Other Politician</li> <li>• Academic Economist</li> <li>• Business Economist</li> <li>• Banker/ Financier</li> <li>• Voluntary Organisation spokesperson</li> <li>• Business spokesperson</li> <li>• Artist</li> <li>• Citizen</li> </ul>	 1 4 1 6 1 1 1 1 1 1	 1  2 2      	   1 1 1      
<b>US Sources</b>	<i>N</i>	<i>N</i>	<i>N</i>
<ul style="list-style-type: none"> <li>• President George Bush</li> <li>• Barak Obama, Democrat Presidential Candidate</li> <li>• Other Politician</li> <li>• Academic Economist</li> <li>• Alan Greenspan, former Head of the Financial Reserve</li> <li>• Ben Bernanke, Current Head of Federal Reserve</li> <li>• Bankers</li> <li>• Media Professional</li> </ul>	 1 3 3 4 2 3 2 1	  1     	  3 2 2  1  
(Number of Cases)	(35)	(6)	(12)

## Concluding summary and discussion

Todd Gitlin once remarked that 'News must be timely, unambiguous, intense, predictable, culturally familiar and precedented'.<sup>xxiii</sup> In elaborating this point he cited the influential work on news values by the sociologists Galtung and Ruge who remarked how "'News" are actually "Olds"', because they correspond to what one expects to happen'.<sup>xxiv</sup> The global financial crisis that broke in 2008 challenged many of these criteria – its intensification was rapid and largely unforeseen, its consequences were grave and extremely unpredictable, and was anything but 'precedented' within the range of living professional memory. Consequently, many journalists began to dig further back in history to try to calibrate and comprehend the implications of the crash, focusing attention on the calamitous economic troubles of the late 1920s and 1930s.

However, historical comparisons need to be made with caution and an appreciation that the identification of continuities should not obscure important differences. Whether these specific comparisons were legitimate remains a moot point, not least because the full implications of the 2008 credit crunch remain uncertain at the present time. It is certainly fair to say that the historical connections were not solely a figment of the journalistic imagination and several expert commentators and economic studies have identified grounds for comparison.<sup>xxv</sup> Even so, journalistic allusions to these past events came to be made freely and independently, eventually becoming an editorial short hand to describe the gravity of contemporary problems.

The details of this analysis show that it took a while for journalists to make the link and take it seriously. In the initial stages of the crisis, journalists ignored or were sceptical about comparing the Great Depression and the Wall Street Crash to the emerging credit crunch, but as the economic

alarm bells started to ring with ever greater urgency, these comparisons were accepted and made and without much caution or reflection. It is clear that this remains an enduring frame for interpreting and evaluating contemporary economic uncertainties. For example, in July 2011 the Economics editor of BBC2 Newsnight took the programme's viewers 'In the Steps of Steinbeck', retracing the journey of 1930s migrants from Oklahoma to California, to present the current plight of 'America's Middle Class Underclass'.<sup>xxvi</sup> The following week, the Daily Mail ran a two page essay with the headline:

CAPITALISM IN CRISIS: Eighty years ago, a banking collapse devastated Europe, triggering war. Today, faith in free markets is faltering again. Unless capitalism opens its arms to the common man, a generation will decide it's a fig leaf for the rich (*Daily Mail*, 6/8/2011: 16-17)

An obvious question to consider is whether this historicizing helped enhance public understanding of the origins and implications of the credit crunch. A traditional criticism of news is that it is an intrinsically ahistorical genre and this consequently leaves citizens poorly positioned to contextualise current events (e.g. Cottle, 2006; Philo and Berry, 2004; Klaedman, 1990; Clarke, 2005). I contend that the case study presented in this chapter actually supports rather than refutes observations about the tenuous status of historical perspective in news reporting, as although history was regularly and routinely invoked during this crisis, its detail and complexity were rarely engaged with (thoughtful comparisons did exist, but they were limited in number). Where comparisons were made they were either accepted or rejected rather than appraised and explored. The history of the Great Depression and, to a lesser extent, the Wall Street Crash had a spectral presence, mainly used to catastrophize rather than illuminate contemporary conditions.

The study also shows that it was the Great Depression that attracted the overwhelming share of media comment, even though comparing the credit crunch to the depression is more problematic for a range of reasons (it incorporated a range of financial crises, its manifestations and effects were more complex and diffuse). This may be because the depression is more widely embedded in popular culture (and it is striking how when the histories of the depression were presented it was the US memories and images that dominated). But it also suggests that on this occasion that the past was being for the purposes of 'retrojection', i.e. as part of an attempt to calculate where the current crisis might lead. The details of the analysis also show that there was no universal model of historical reference operating across newspaper sectors – as the utilisation of the past as a resource was only a very limited feature in popular press coverage of the credit crunch.

This 'retrojective' tendency of the news media has been noted elsewhere. As Sabina Mihelj comments:

As every other narrative device, historical analogies and causes [in news reporting] do not merely provide a neutral frame for telling a meaningful story about the present, but impose tacit assumptions about its nature, about the identity of its key actors, victims and perpetrators, about the likely outcome, as well as the preferred response... For instance, if the shocking events of the present have their precedents, there is hope that the damage will ultimately be repaired and future disasters avoided – as long as we follow the lessons of the past (2008 123-4).

On this occasion, I would contend that this was in many respects a failed retrojection. Instead of placing the past and the present in a productive tension from which understandings might apart, journalists frequently relied on simplistic analogies that disregarded the specifics of the historical events invoked, subverting them to those of the present. Nevertheless, this study does demonstrate

that limiting discussions about the temporality of news to the logics of immediacy and acceleration is problematic. For even in the atomic clock culture of the 21<sup>st</sup> century digital newsroom, history lurks in every corner. Research needs to attend more closely to the complex temporal frames that operate within news, and the frequency with which lessons of the past can often become templates for the future.

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<sup>i</sup> My thanks to Carol Norman for introducing this song to me and explaining recent themes within Dylan's oeuvre.

<sup>ii</sup> Udell, 2009: 118

<sup>iii</sup> Duménil & Lévy, 2011

<sup>iv</sup> Gamble, 2010: 7

<sup>v</sup> 'Welcome to the Great Moderation', *The Times*, 17/1/2007: 17

<sup>vi</sup> The author of *The Times* article published a full and contrite renunciation of his position two years afterwards: 'Bringing down the curtain on the folly of my faith in the Great Moderation', *The Times*, 13/1/2009: 47

<sup>vii</sup> Bean, 2009:2

<sup>viii</sup> McCarthy and Dolfsma, 2009

<sup>ix</sup> Perez, 2009: 779

<sup>x</sup> Ahamed, 2009

<sup>xi</sup> See Williams, 1963; Accominotti, 2009

<sup>xii</sup> 1973: 99-100

<sup>xiii</sup> *Daily Telegraph*, 27/9/2008: 30

<sup>xiv</sup> Perez, 2009: 782

<sup>xv</sup> 2006: 297

<sup>xvi</sup> Wade, 2008, p. 11, quoted in Hope, 2010

<sup>xvii</sup> The keywords used were 'Great Depression' and 'the Wall Street Crash'. All items identified by the search were then checked to remove any duplications and 'false positives' – instances where the search terms had identified spurious items (see Deacon, 2007)

<sup>xviii</sup> 18/9/2007: 39

<sup>xix</sup> Davis, 2011: 254

<sup>xx</sup> *The Times* May 6 2007: 37

<sup>xxi</sup> *Independent*, 16/9/2008: 20

<sup>xxii</sup> 1989: 6

<sup>xxiii</sup> 1980: 45

<sup>xxiv</sup> 1970: 264

<sup>xxv</sup> e.g. Duménil & Lévy, 2011, Perez, 2009

<sup>xxvi</sup> <http://www.bbc.co.uk/news/world-us-canada-14296682>, accessed 12/9/11).