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No Alternative to Austerity: How BBC Broadcast News Reported the Deficit Debate

Abstract

This article examines how BBC News at Ten covered the emergence of the UK public deficit debate in 2009. A total of 25 days of coverage drawn from the first seven months of 2009 were subject to a source and thematic content analysis to examine how news bulletins explained the emergence, consequences and possible solutions to the rise in the public deficit. Results indicated that political and financial elites dominated coverage. The consequence was that the news reproduced a very limited range of opinion on the implications and potential strategies for deficit reduction. The view that Britain was in danger of being abandoned by its international creditors with serious economic consequences was unchallenged and repeatedly endorsed by journalists. Despite their limited record of success during recessions, austerity policies dominated discussion of possible solutions to the rise in the deficit. This research thus raises questions about impartiality and the watchdog role of public service journalism.

Introduction

This paper will examine how the UK deficit emerged as a major issue in BBC news following the 2008 banking crisis. In particular it focuses on how news accounts explained the origins, consequences and potential responses to the rise in Britain's deficit. These three interlinked questions have been key to debates over fiscal policy, political legitimacy and electoral success since 2008. Although this research examines the British media, it has a wider international resonance for three reasons. First, the 2008 banking crisis precipitated the deepest global recession since the Great Depression, and a worldwide surge in sovereign debt (Blyth, 2013). Secondly, the financial crisis has generated an international debate on how to respond to the recession and subsequent rise in sovereign debt. How serious a threat to economic stability do large deficits represent? Should states apply Keynesian fiscal stimulus measures to maintain demand during recessions? Are austerity policies a credible policy choice during a recession? Should deficits be reduced via tax rises or cuts in public spending? Should tax rises be levied on labour or capital, direct or indirect taxes, focused on the average earner or targeted at those on higher incomes, or with greater wealth? All of these questions have exercised policy makers and played out across the global media since 2008. Thirdly this research speaks to broader debates about changing patterns of source access in economic reporting and how these are related to the financialization of developed economies (Epstein, 2006). As research in the US, UK and Eurozone has demonstrated, this has increasingly brought to prominence a particular category of 'expert' drawn from the financial sector (e.g. Philo, 1995a, 1995b; Duval, 2005; Peck, 2008; Berry, 2013; Fahy et al., 2010; Rafter, 2014; Schiffrin and Fagan, 2013). This shift, however, raises questions about the range of democratic debate and scrutiny in the media.

However, before presenting the empirical data this paper will examine the factors behind the rise in the UK deficit and range of debate on when and how to reduce it. This provides the spectrum of opinion available for journalists to draw on and allows for the identification of which perspectives were present and absent from news accounts. The introduction will then examine the research literature on economic reporting.

The Background to the rise in the UK Public Deficit

Following their election victory in 1997, the Labour government began a major programme of public investment in areas such as health and education (IFS, 2010). This led public spending as a proportion of GDP to rise from 38.2% in 1997 to 41.0% in 2007 (Rogers, 2013). Labour initially ran budget surpluses between 1997 and 2001 but after 2002 it began to run deficits. These hit a high of over 3% of GDP in 2004 before falling back to just over 2% in 2006-8 (Wren-Lewis, 2013a). Summing up the 1997-2007 period, the macroeconomist Simon Wren-Lewis, argues ‘policy was too tight in the early years, overcompensated in the middle of this period, and failed to correct sufficiently in the final years’ primarily because of ‘forecast errors’ (2013a: 44). Despite this, public debt as a proportion of GDP actually fell from 40.5% to 36.7% between 1997 and 2007 (Wren-Lewis, 2013a). In 2008, following the global banking crisis, the UK entered a severe recession. The impact of this on Britain's fiscal position can be seen in Table 1.

Year	Government Revenue	% Change year/year	Government Expenditure	% Change year/year
2003-2004	423.4	6.9	467.1	8.4
2004-2005	453.2	7.0	509.4	9.1
2005-2006	487.8	7.6	541.6	6.3
2006-2007	518.9	6.4	568.3	4.9
2007-2008	549.2	5.8	602.9	6.1
2008-2009	536.3	-2.3	653.6	8.4
2009-2010	516.1	-3.8	686.3	5.0
2010-2011	555.3	7.6	706.5	2.9

Table 1: UK Public Accounts 2004-2011 in billions (Source IFS, 2012a, 2012b)

Between 2008 and the end of 2009 public expenditure increased whilst tax revenues fell in both real and absolute terms. In this two year period, income tax fell by 4.5%, national insurance by 4.9%, VAT by 13.1%, corporation tax by 22.7% and stamp duty by 44% (IFS,

2012a). Thus, by far most significant factor behind the deterioration in the public finances was the banking collapse and subsequent recession.

The Debate on Public Policy Responses

The deterioration in the public finances led to a debate on both the pace and means of deficit reduction. Some on the right argued the deficit posed such a threat to the economy it should be reduced immediately (Lilico et al., 2009; Taylor et al., 2009). Without accelerated deficit reduction, it was argued, Britain faced interest rate rises, currency devaluations and a possible bailout from the IMF:

Failure to bring borrowing under control risks being disastrous for the UK economy and for the stability of public spending. The UK's credit outlook has already been downgraded by Standard & Poor's to 'negative', and unless fiscal tightening efforts are sufficiently credible, interest rates on government debt could increase to unsustainable levels and Sterling could undergo a further dramatic fall, risking a trip to the IMF mirroring the one in 1976. (Taylor et al., 2009: 6)

However this was contested by those who claimed the recovery was fragile and it was necessary to run large deficits until the economy was growing strongly (Krugman, 2009a; Neild, 2010; Reich, 2009; Hutton, 2009). Some claimed that it was economically illiterate to set fixed timetables for deficit reduction. This was because macroeconomic theory stressed the necessity to cut interest rates to compensate for the deflationary impacts of cutting spending or raising taxes, and this could not be achieved whilst rates were close to zero, what is called the 'zero lower bound' (ZLB). Instead deficit reduction should wait till the economy had recovered and interest rates were close to their historic average. In the US this position was prominently articulated by Paul Krugman (2009a), who argued that countercyclical deficits during recessions posed little threat to macroeconomic stability and premature attempts at deficit reduction could actually increase deficits by depressing demand.

Aside from timing, there was also a debate about the most appropriate deficit reduction measures. Some argued for medium to long term pro-growth policies involving state investment and a broader industrial activism. This would generate growth that was more balanced, sustainable and regionally dispersed so as to compensate for the loss of public sector jobs in the regions (Chang, 2010). A second school of thought argued the deficit should be reduced via cuts to public spending. Some on the right have claimed higher public spending would actually reduce growth by 'crowding out' private investment, which would also be deterred by the prospect of future tax increases. Instead, government should undertake a course of 'expansionary austerity'

A wealth of academic evidence, from the OECD, European Central Bank and others, reveals that higher taxes slow economic growth, while lower government consumption spending increases growth. Both the IMF and the EU Commission have concluded that fiscal consolidations that are largely comprised of lower spending,

with credible fiscal rules, are more durable than those largely comprised of higher taxes. (Taylor et al., 2009: 6)

A third option involved closing the deficit via increased taxation. This could be achieved through rises in regressive taxation such as VAT and/or the standard rate of tax. Another option could involve a clampdown on tax evasion/avoidance:

Addressing the 'tax gap' is a vital part of tackling the deficit. Figures produced for PCS by the Tax Justice Network show that £25 billion is lost annually in tax avoidance and a further £70 billion in tax evasion by large companies and wealthy individuals. An additional £26 billion is going uncollected. Therefore PCS estimates the total annual tax gap at over £120 billion (more than three-quarters of the annual deficit!). It is not just PCS calculating this; leaked Treasury documents in 2006 estimated the tax gap at between £97 and £150 billion. (PCSU, 2010: 9)

Other potential solutions included increasing the top rate of income tax or removing the ceiling on national insurance contributions (e.g. IPPR, 2009) introducing land or wealth taxes (e.g. Centreforum, 2009; Wolf, 2006; IPPR, 2009; Philo, 2010); eliminating tax relief on company borrowing (e.g. Sikka, 2009) or levying a financial transactions tax (e.g. Stiglitz, 2009; PCSU, 2009).

The Literature on Financial/Economic Reporting

In the 1970s and 1980s, the Glasgow Media Group (1976, 1980, 1982) carried out a series of influential studies which concluded that broadcasting provided a partial account of economic news. For instance, the problems of manufacturing were presented overwhelmingly as being due to strikes whilst alternative explanations such as management failings and low levels of investment in plant and machinery were downgraded in coverage. Underlying these critiques was a model of journalism which operated clear hierarchies of access. The views of key institutional sources such as politicians or business leaders were assigned much more prominence than those of workers, unions or pressure groups. Furthermore, the views of the powerful structured the routine production of news, strongly influencing, for instance, which angles were taken on stories. This meant commentary on the economy was framed in terms of the interests of the dominant groups in society. Later research by the group analysed why broadcasting had provided positive accounts of the Conservatives' economic record in the late 1980s whilst failing to foresee a looming balance of payments crisis. Philo (1995a; 1995b) attributed this to two factors. First, the Labour party's decision to abandon the contestation of economic policy and secondly the expanded role of City experts due to the deregulation of financial services and the privatisation of state assets:

By the end of the 1980s, financial and City news had become central areas of media reporting, especially on television. This was one consequence of the dominance of Conservatives and their promotion of the merits of share ownership, entrepreneurs and business dealing in general. Consequently movements in the City were routinely

reported and 'experts' from merchant banks and finance houses were consulted for their apparently neutral opinions on the latest trade or financial news. This gave them an important status as 'impartial' commentators (Philo, 1995b: 413)

The increasing prominence of financial news and the financial sector expert has been noted in studies across a range of developed and developing countries (Duval, 2005; Peck, 2008; Sharma, 2009; Miller, 2009; Zhao, 2008) At the same time organisations who traditionally offered alternative perspectives on economic policy, such as trade unions, have largely disappeared from the media in the UK (Wahl-Jorgensen et al., 2013; Berry, 2013) and the US (Martin, 2007; Nerone, 2009). This, together with the weakening of traditional social democratic parties, has meant neoliberal perspectives have become increasingly dominant in economic reporting (e.g. Mudge, 2014; Duval, 2005; Peck, 2008; Miller, 2009).

Such trends have been reported in studies of the 2008 financial crisis and its aftermath (Fahy et. al, 2010; Berry, 2013; Cawley, 2012; Touri and Rogers, 2013; Schiffrin and Fagan, 2013; Tracy, 2012; Manning, 2012; Schrifferes and Knowles, 2015; Rafter, 2014). For instance, Berry's (2013) research on BBC coverage of the 2008 banking crisis found City sources dominated, with the consequence that wide ranging reforms to the sector were absent from debates. In a similar vein, Rafter's study of Irish radio coverage of the country's bank bailouts found sourcing was dominated by business journalists, pro-guarantee politicians, and financial sector sources, which meant that listeners were denied a full debate on the potential downsides of the state's bank rescue plans. Likewise, studies in the post-crash period have found consistent support for austerity policies and negative framing of the public sector (Schiffrin and Fagan, 2013; Cawley, 2013; Touri and Rogers, 2013; Schrifferes and Knowles, 2015). For example, Schiffrin and Fagan's study of how US newspapers covered Obama's stimulus package found the programme was frequently criticised on the basis that 'the private sector was efficient and the public sector inefficient', whilst the potentially negative consequences of pursuing alternative austerity policies were not discussed (2013: 167). Similarly, Cawley's (2012) study of how the Irish press reported Ireland's budget deficit found reporting 'tended to amplify frames that favoured a broadly neo-liberal response to the economic crisis: a reduced public sector and a smaller state'. (2012: 613).

What then underlies much of the research on economic reporting is the centrality of business/financial sector sources and the dominance of free market perspectives. Since 2008 this has manifested itself in prominent advocacy of austerity.

Methodology

The sample for this study consisted of BBC News at Ten coverage of the deficit debate drawn from the first seven months of 2009. This timeframe was selected because it marked the period when the deficit began to increase sharply following the onset of the 2008 recession and became a matter of political debate and public concern. BBC News at Ten was selected because it remains a mass audience bulletin with regular audiences of between four and five million viewers and is thus a key site in the formation of public knowledge and attitudes (BARB, 2015).

The sample was collected by having a researcher view all episodes of the BBC 10 O’Clock News between 1 January and 31 July 2009 and then select out any stories which mentioned the public finances. This left a total of 25 bulletins which were transcribed generating a total of 1124 lines of news text. The sample days for the analysis were:

January 12, 21, 28

February 19

March 19, 23, 24, 25

April 2, 6, 20, 21, 22, 23, 24

May 6, 21

June, 10, 16,17, 24, 29

July, 1, 21, 22

This sample was then subject to a thematic content analysis. This is a method which has been developed by the Glasgow Media Group over more than thirty years and used to analyze such diverse areas as industrial news, food scares, risk and war/conflict reporting (Glasgow Media Group, 1976, 1980, 1982, 1985; Philo, 1995a, 1995b, 1999). The method is based on the assumption that in any contested area there will be competing ways of explaining events or issues. These explanations are linked to particular interests which seek to explain the world in ways that justify their own position. The purpose of a thematic analysis is to map which explanations are featured in news accounts and which are absent. In this research the central focus was on three interlinked issues– the origins, implications and solutions to Britain’s deficit. In the analysis, the quantity of news text given to different arguments was counted as well as the frequency with which they appeared. So, the analysis captured how routinely different explanations were featured and how much space was given over to their development. The sample was also subject to a source analysis. This quantified both the frequency of appearance and the lines of news text allocated to sources. Lines of news text were calculated on both direct speech and reported speech/opinion in order to capture fully how perspectives structured debates.

Results

Who gets to speak?

The relationship between reporters and sources is at the heart of journalism and research has consistently pointed to the dominance of high status official sources in news accounts (e.g. Glasgow Media Group, 1976, 1980, 1982; Berry, 2013; Wahl-Jorgensen et. al., 2013). Table 2 shows which sources featured in the sample. The most striking finding is the dominance of Conservative and Labour politicians who are featured far more frequently than any other sources and alone account for 45.9% of news text. The next most heavily accessed source is the Institute for Fiscal Studies. It is treated as both the authoritative voice on fiscal analysis and a definer of solutions for reducing the deficit. Other sources are primarily drawn from economic institutions who have tended to support neoliberal policy. These include City analysts, the Bank of England, IMF, OECD and CBI. Reports or statements from such sources sometimes operate as news hooks that structure coverage. For instance, a report on 24

June 2009 was built around a statement from the Governor of the Bank of England that the ‘Government should be doing more to reduce borrowing’. In this way such sources both structure the parameters of debate but also set the agenda for the initial angles that are taken on issues.

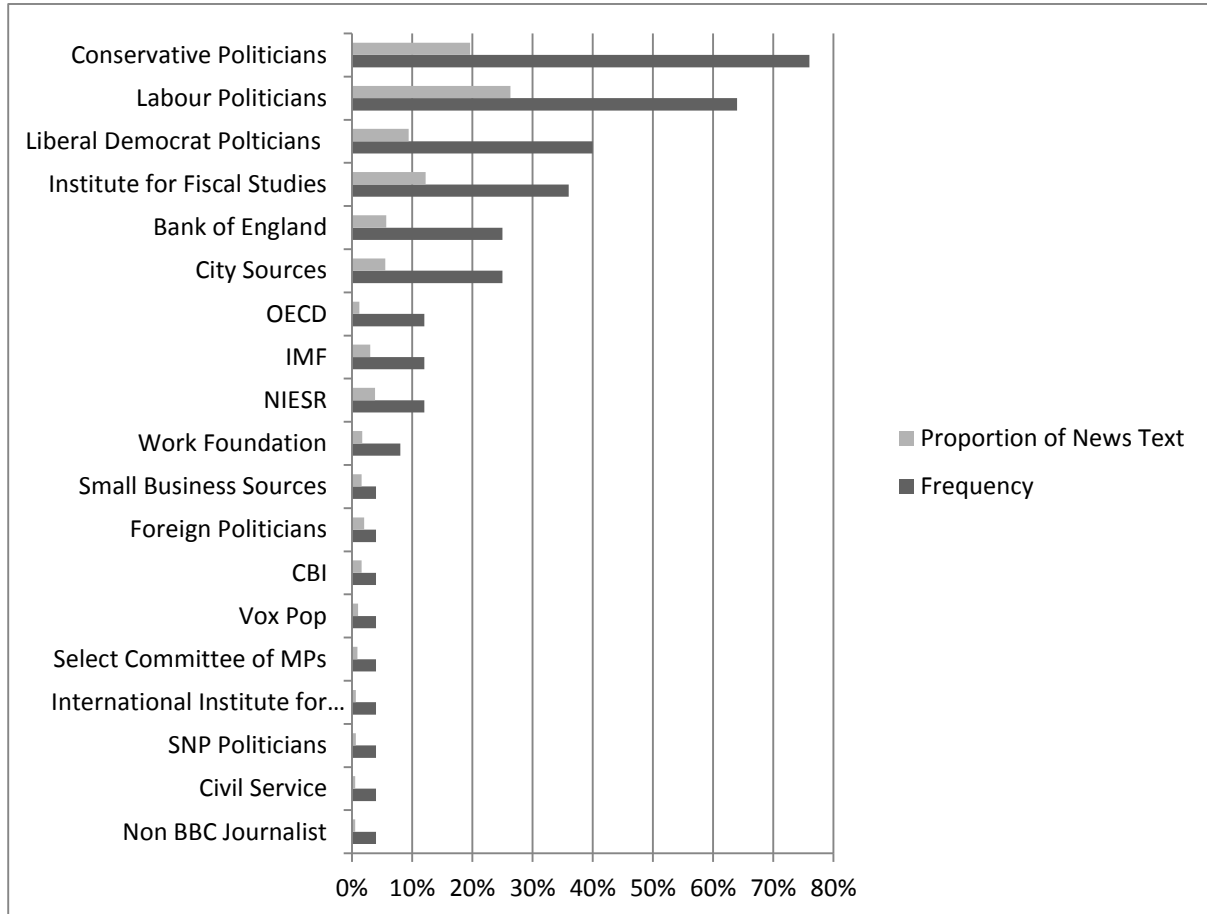


Table 2 Source Appearances

The research did not find examples where oppositional voices (outside the Labour party) were able to drive the direction of coverage in the same manner. This is a consequence of the lack of space available to Keynesian or heterodox economists, academics, labour unions or other representatives of civil society who might have advocated countercyclical or anti-austerity policies.

What Caused the Deficit?

As previously noted, the proximate cause for the rise in the deficit was the collapse in tax revenues in the recession. However, at a deeper level, the recession and subsequent rise in the deficit, were caused by the private sector deleveraging following the collapse of asset prices in the global financial crash (Koo, 2011). This has led some economists to question the model of debt dependent growth associated with finance capitalism (e.g. Epstein, 2006; Palley, 2009; Turner, 2014). Such systemic accounts for the rise in the deficit do not appear and even

the fact the deficit was caused by a global financial crash has almost vanished from coverage by 2009. Instead, coverage focuses on the immediate causes. Explanations for the deficit made up 3.3% of overall coverage and appeared in a minority of broadcasts. This reinforces the findings of research on press coverage which found a scarcity of explanations for the rise in the deficit (Berry, 2015). As can be seen in Table 3, despite their scarcity, most explanations provided accurate accounts of the immediate factors behind the increase in the deficit:

The recession means company profits have fallen so corporation tax revenues are much lower than last year. And with fewer people in work, income tax revenues are down, too. Houses aren't selling, so stamp duty receipts are also down. All while spending on things like Jobseeker's Allowance has gone up. The result is even more borrowing than the government feared. (BBC, 19 February 2009)

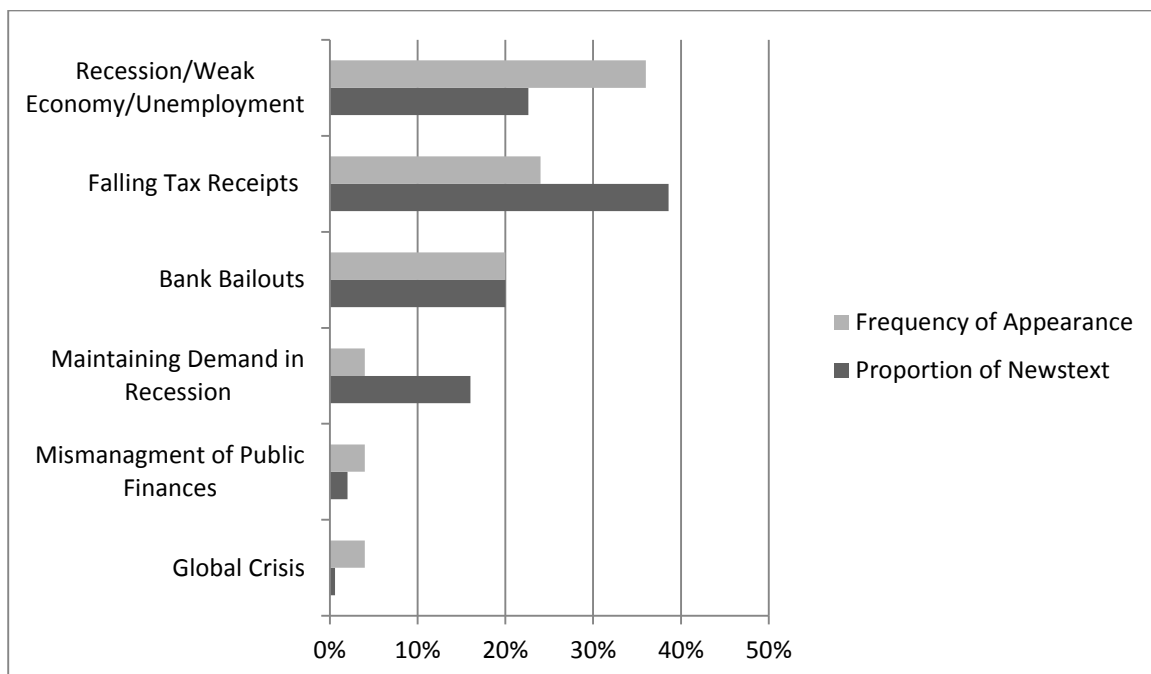


Table 3: Explanations for the rise in the Deficit

However, some bulletins featured confused accounts. In a segment on the rise in the top rate of tax in the April 2009 budget a BBC correspondent commented:

Back in the 90s, these two ambitious young chaps would bound around the City of London, declaring that Labour had changed. Gone were the days of taxing high earners until the pips squeak, they would say. And never again would a Labour government court financial disaster by borrowing too much. Crusty old bankers and crotchety old business leaders listen politely and didn't believe a word, although in the early years of the Labour government, such scepticism seemed well a bit unfair. But today as the Chancellor pushes up the top rate of tax and forecasts an eye-

watering increase in public sector debt, the noise you can hear from the city is of older bankers saying 'I told you so'. (BBC, 22 April 2009)

This account appears to turn on its head the factors responsible for the deficit. At the heart of the crisis was financial speculation by the banks. Yet in the account above the culpability of the City disappears from the analysis and the 'eye watering increase in public sector debt' is merely attributed to Labour 'borrowing too much'. In another account, a journalist reported on comments from the Bank of England that Britain could not afford another fiscal stimulus:

But just as Gordon Brown was arriving in France, news arrived that the Governor of the Bank of England had issued an extraordinary public warning that, for Britain at least, the days of spend, spend, spend were now over. (BBC, 24 March 2009)

The use of the term 'spend, spend, spend' will be familiar to older viewers as a reference to Viv Nicholson, the Yorkshire housewife who won £152,319 on the football pools in 1961. Nicholson famously spent the fortune within a few short years so the phrase has become a byword for extreme profligacy. Yet although Labour had increased public spending after 1997, the national debt to GDP ratio had actually fallen before the recession hit, which is difficult to square with the recklessness implied by the use of the phrase 'spend, spend, spend' (Wren-Lewis, 2013a).

Evaluation and Consequences of the Deficit

Although Britain experienced a record deficit in 2009, it had entered the recession with an internationally and historically low debt burden (Clark & Reed, 2013; Bardens & Webb, 2012). In addition most of its debt was domestically held which meant most of the interest payable on it amounted to domestic transfer payments which could, if the government wished, be eliminated via offsetting taxes (Coppola, 2013). The UK also had the longest average debt maturity in the developed world at 14 years, as compared to 4.7 years for the US, 6.4 years for Germany and 7 years for France (Aldrick, 2009). BBC reporting of the deficit stripped out these caveats and focused purely on what it was argued was the 'unprecedented' size of the deficit and debt. Nearly half (48%) of all articles mentioned the 'record' or 'unprecedented' size of the deficit and/or debt but only one (4% of articles) mentioned information about the level of UK debt coming into the recession, and none discussed who owned it or its maturity profile. Reporting also tended to discuss Britain's debt in nominal terms, rather than in relation to GDP:

It comes in a week when the Government will unveil the worst public finances since the second World War (BBC, 20 April 2009)

The national debt has hit a new record of just under £800 billion (BBC, 21 July 2009)

Now with unprecedented levels of borrowing and debt (BBC, 22 April 2009)

However, to present the debt in nominal terms is misleading. Its scale in relation to GDP, which gives a better guide to its level and sustainability, was relatively modest as can be seen in Figure 1.

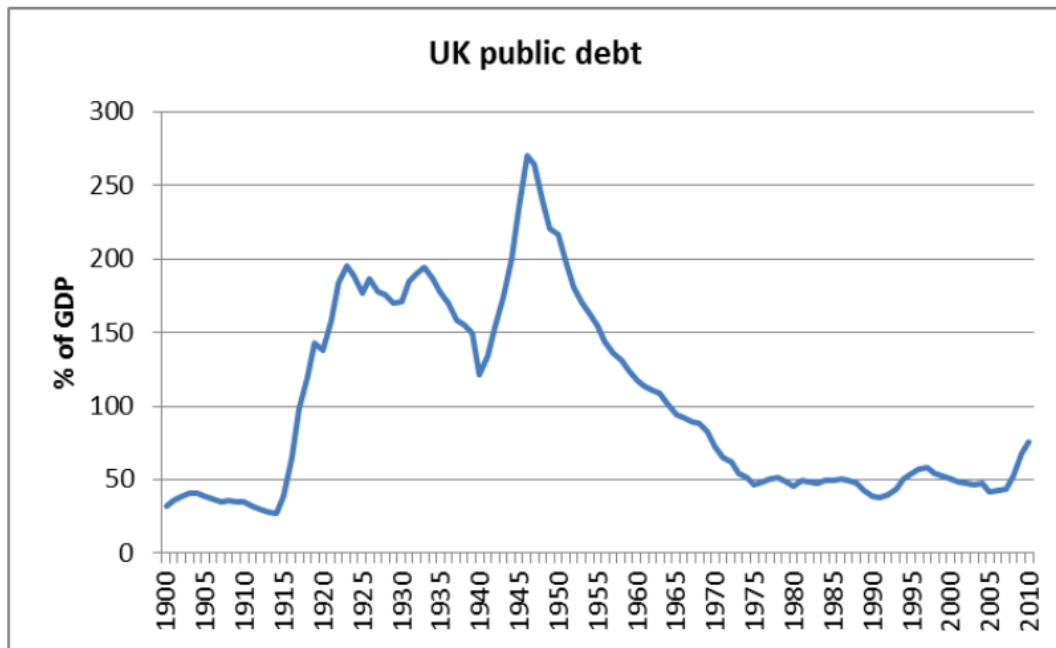


Figure 1: UK Public Debt since 1900 (Source: Krugman, 2015)

The picture of a dangerous deficit was magnified by the high level of access given to Conservative politicians, Bank of England representatives and City/institutional sources, who were highly critical of the deficit:

Mervyn King: We are confronted with a situation in which the scale of the deficit is *truly extraordinary*. (BBC, 24 June 2009)

David Cameron: The scale of our deficit is *truly horrific* and we need to act on that and act on that now (BBC, 2 April 2009)

Such language was then picked up and endorsed by journalists:

Stephanie it is obvious that no governing party will be able to escape the *full horror* of these finances? (BBC, 10 June 2009)

What really changed today Huw I think is this: no longer do politicians decide what they will do with the fruits of the economy. They wait and see the *horror* the economy has to deliver to them and wonder how to live with it (BBC, 22 April 2009)

Journalists also on occasion endorsed the Conservative argument that the UK government had 'run out' of money, despite the fact that currency issuing sovereigns cannot 'run out' of money:

Journalist: This is just one example of what can happen when the money runs out, a project half complete, the builders soon to be sent home. It is a glimpse of the future in the new age of austerity. (BBC, 23 April 2009)

There was also controversy over the timing of any deficit reduction. Did the deficit pose such a threat to the economy that it needed to be reduced immediately or could it wait until the economy was growing strongly so it would not face the constraint of the ZLB? Here the patterns in coverage were clear. Coverage was split with 24% (6/24) of articles featuring arguments, exclusively from Labour politicians, that spending in a recession was necessary to prevent a slump, whilst 28% (7/24) of articles featured the Conservatives, the Bank of England, the OECD and a select committee of MPs advocating a faster rate of deficit reduction. Nowhere in coverage was the argument made that deficit reduction should not conform to the artificial timetables set out by the two main parties, but instead should wait until the recovery was established so as to avoid the constraint of the ZLB. The only reference in coverage (minus the macroeconomic justification) to this perspective is a brief comment by the SNP MP Stewart Hosie:

This whole budget was predicated on coming out of recession this year which no one else seem to believe and predicated on massive cuts in the teeth of a recession. It was the wrong thing to do. (BBC, 22 April 2009)

The case that deficit reduction was urgent was tied to a series of arguments about the consequences of a rise in public debt which can be seen in Table 3. Most statements (93% of newstext) stressed that the deficit posed threats to future debt refinancing as well as the maintenance of low interest rates and the UK's 'AAA' credit rating:

Journalist: Borrowing this much means the government needs a lot of investors to buy its debt. Now there are plenty of takers but that may not last.

Ruth Lea: It is a risk the Chancellor should keep in mind that in fact investors could go on strike and say they are not going to buy British debt.

Journalist: To prevent that the Conservatives think we should be counting the pennies now. (BBC, 19 February 2009)

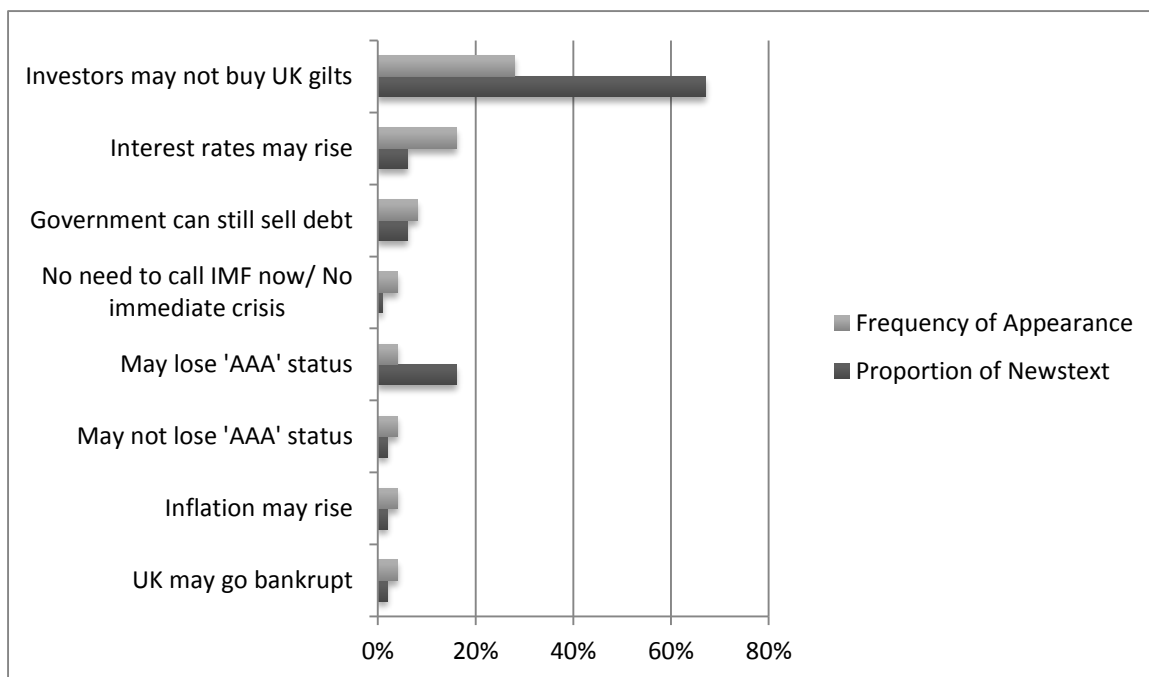


Table 4 Consequences of the rise in the deficit

Stephen Major (HSBC bond expert) Well we were shocked, the government has to borrow a lot of money now and it will get much harder to find investors to help borrow that money. And ultimately we think that means the interest rate it has to pay will have to be higher (BBC, 22 April 2009).

These views tended to be treated as factual accounts rather than contested perspectives and were directly endorsed by journalists:

Journalist: The trouble is Britain is very dependent on foreign investors buying up all this debt and there is so much debt, that is a real vulnerability. Investors have to believe that this [government growth forecasts] is going to be true now. They can't just take it as a leap of faith. That's the worry if they do lose faith if they don't think now that he is going to succeed, even his very difficult arithmetic does not add up. So it is a gamble and for very large stakes. (BBC, 22 April 2009)

In another bulletin, a journalist cites warnings of national bankruptcy:

Journalist: Now is the Prime Minister listening to those siren voices in Europe who are so concerned? Is he listening to the Governor of the Bank of England? Is it the markets he's worried about? The answer is probably all of the above. He is very fond of history, Gordon Brown, he said here again the world should not repeat the mistakes of the London summit held many years ago in 1933, when there was no agreement and the Great Depression followed. At that time, the great British economist John Maynard Keynes said the answer was to spend, spend, spend your way out of depression. Mr Brown recalled to the meeting he addressed this morning that a Treasury official had written on Keynes' work: inflation, extravagance, bankruptcy.

The same warnings are being heard today and whether he likes it or not, the Prime Minister is having to listen. (BBC, 25 March 2009)

The economy is primarily evaluated through the views of pro-austerity European politicians, City analysts, the Bank of England and the financial markets. These are echoed by reporters and frame the contours of debate within which policy is discussed. However what is missing is the opposing perspective, highlighted earlier, of macroeconomists who questioned whether deficits would lead to interest rate rises and sterling depreciation, let alone inflation or bankruptcy. These economists had argued that because the private sector was sitting on substantial cash reserves that it was unwilling to invest in an environment of low demand, then demand for bonds was likely to remain high. They also argued that because Britain retained its own central bank and currency a gilt strike posed no substantial dangers to debt refinancing (Wren-Lewis, 2013b). Such arguments do not appear in coverage. Whilst the accounts offered lack the strident editorialising seen in the national press which at times predicted national bankruptcy, (Berry, 2015) BBC reports still operated with a framework which stressed the necessity of pre-emptive austerity to placate the financial markets.

How to Address the Deficit?

The reporting of solutions to the deficit accounted for 22% (243.25 lines of news text) of total coverage. The range of perspectives featured in BBC reports can be seen in Table 5. The great majority (73.4%) of news text was devoted to arguments discussing cuts to public spending and regressive tax increases. The debate over public spending cuts alone accounted for 58.3% of all news text. Arguments in favour of cuts were made by opposition politicians,

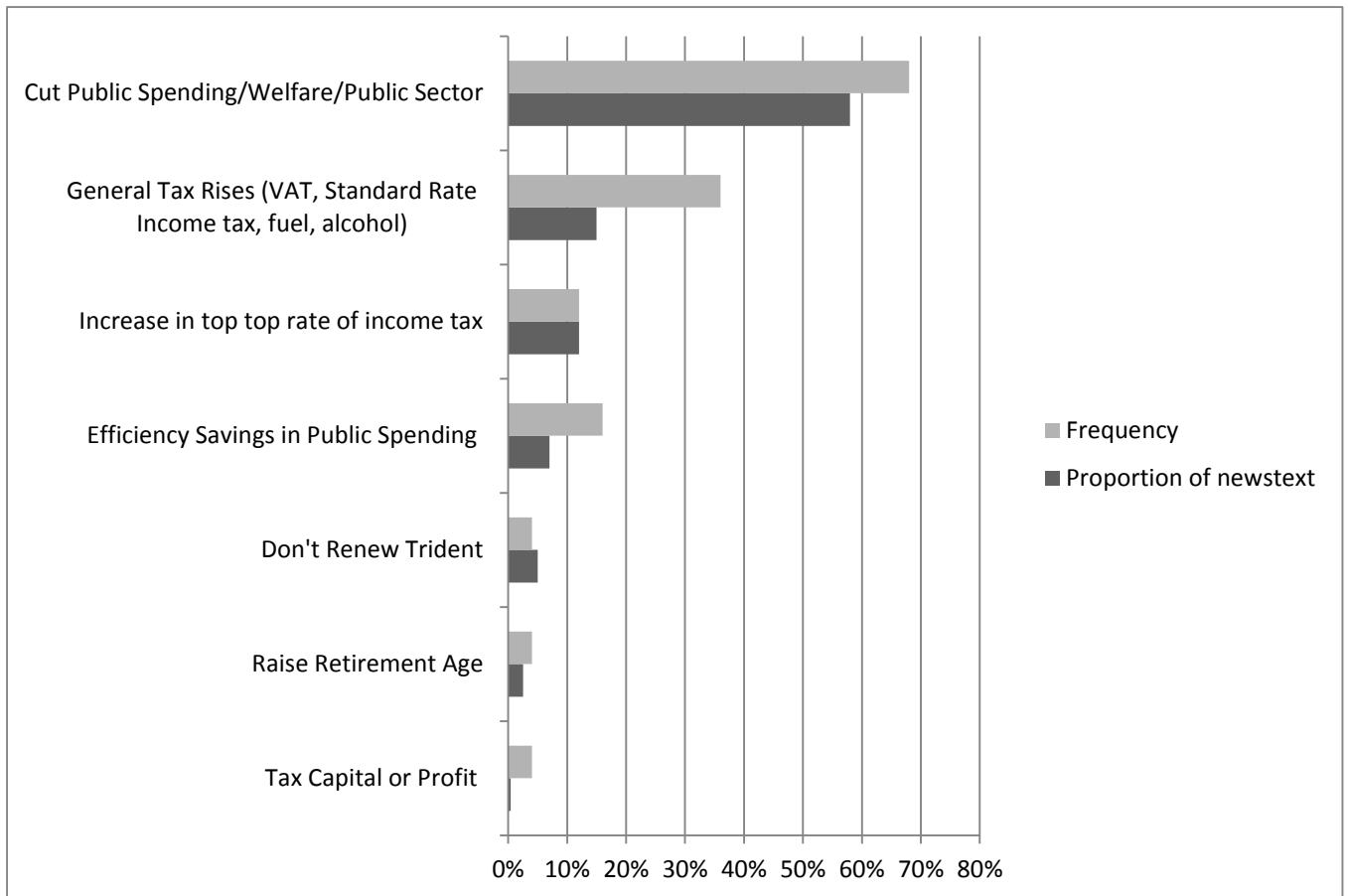


Table 5 Plans for reducing the deficit

Bank of England representatives as well as institutions such as the OECD. On some occasions, journalists directly endorsed the need for spending cuts:

Journalist: What will be cut, by how much and when? As the Government's coffers grow ever more empty, those are questions that can no longer be avoided. (10 June 2009)

The Chancellor refusing to spell out explicitly what cuts in spending he'll make. The opposition parties too, reluctant to do that but in the next 12 months they will have to do it. (22 April 2009)

On other occasions, journalists worked within a consensus, shared by their sources, that cuts to public spending were the inevitable solution to the rise in the deficit. This view can also be seen in the way questions were put to politicians. During our sample period there were three interviews where Gordon Brown, Andy Burnham and Alistair Darling were asked how the Government would address the deficit. These are the questions posed by the BBC's political editor:

So what gets squeezed?
 Does that mean cuts?
 In plain English that's cuts?

You know there will be spending cuts, why don't you say so? (23 April 2009)

What precisely will the government cut?

What precisely will you cut?

What are they? What will you cut?

On your list what will you cut? Police, army will you cut those? (10 June 2009)

Are you being straight about hard this [reducing the deficit] could be?

Forgive me Prime minister they are not asking questions about figures they are asking about you. They are saying, is my Prime Minister telling me the truth or hiding the truth about how bad the public finances are?

What people will note that you will not say is that there will have to be cuts in certain programmes to pay to protect other programmes?

What about the word cuts? What's wrong with the word cuts? Is it not right? (1 July 2009)

It was perfectly correct for journalists to scrutinize the government's spending plans, especially when Labour were not being transparent about the cuts they were planning. It was also obvious cuts would be a dominant theme since they would be the key battlefield in the coming election. However, what was missing was any questioning of the wisdom of sharp cuts when the economy was so fragile and monetary policy was constrained by the ZLB. Journalists also did not put it to government ministers that there were alternatives to public spending cuts and question why these were not being considered. On occasions, journalists claimed they would explore the 'options' but these consisted of minor variations of cuts to public spending and/or increases in regressive taxation. For instance:

Journalist: British workers might have to put off their age of retirement to help repay the country's massive debt. That is one option proposed by independent think-tank... Their report lays out three stark alternatives for bringing their debt level down. Government could cut all public spending by 10% in real terms or it could raise the basic rate of tax by 15p or it could raise the state retirement age to 70 by 2023. (6 May 2009)

Journalist: Well If the Government did squeeze another £39 billion out of the budget, what would it mean for us? Well raising all of it through higher taxes would mean a tax rise of about £1250 per family. But of course not every family would pay the same amount. Or the Government could freeze all public spending in real terms for five years which would mean for most public services real cuts. Most likely is a mixture of both. (6 April 2009)

In a bulletin on 28 January a journalist commented:

The Treasury has already warned of a public spending clampdown. Education, health and other departments could well see a spending freeze over the next few years as attempts are made to stop the escalation of government debt. But the IFS warns that

more tax increases may be needed. It suggests that VAT may have to be imposed on children's clothes and other items where there is currently no VAT payable.

A political decision to impose a regressive change to the tax system was presented as an economic necessity. There were no reports which said the deficit was so large that there would need to action against tax evasion/avoidance, or taxes would need to be raised on the wealthy or businesses via property, wealth or transactions taxes even though these are more popular and would raise much larger sums (e.g. Yougov, 2012; Ashcroft, 2010). Such choices were invisible as public policy options. Discussion of raising taxes on the high earners appeared in 11.8% of the news text devoted to solutions and was accounted for entirely by reporting of the rise in the top rate of income tax in the budget. Furthermore, a third of this coverage consisted of commentary from business people and City sources who argued the tax would be largely avoided and thus raise little extra revenue. In addition, free-market narratives that such individuals represented the 'wealth creators' in the economy were directly endorsed by journalists:

Journalist: So what is the view from Dragons' Den, from a wealth creator?

Theo Paphatis: I don't think raising to 50% over 150 is going to cause a mass exodus of people. I also don't believe he's going to get a lot of money out of it. I think he will get some headline from it and that's about the level of it. Because once you start encouraging people to find tax avoidance schemes, you actually don't benefit.

The notion that there are alternatives appeared as a single tiny fragment in coverage across the sample:

Will Hutton (Work Foundation): You can make decisions about whether you are going to tax capital and profits, whether you are going to tax the rich or whether you are going to distribute the pain more across the entire population.

The crucial point is journalists did not then explore these options and present them routinely as policy choices in coverage. Instead, BBC journalism operated as a closed circle excluding those who offered alternatives to cuts to public spending or regressive taxation. This however raises questions about balance and impartiality in public broadcasting.

Conclusion

This study finds BBC reporting provided a partial account of the origins, consequences and potential solutions to the rise in the UK budget deficit in 2009. The culpability of the banks in creating the deficit and the global origins of the crisis had almost disappeared from coverage by this point, although reporting did generally identify the correct proximate causes. Evaluations of the state and consequences of the deficit were presented in a dramatic and unbalanced manner. Whilst there were many reports which highlighted the 'unprecedented' or 'record' size of the deficit, together with warnings about interest rate rises and gilt strikes,

there were few accounts which presented counter arguments. Furthermore, no account argued against the proposition that deficit reduction should adhere to a fixed timetable. Finally, despite there being a broad debate on possible deficit reduction measures, BBC reporting concentrated almost entirely on cuts to public spending and rises in regressive taxation, with the consequence that viewers were left with a highly restricted debate on the range of policy responses.

This study thus reaffirms the findings of British, American and European research carried since 2008, which has found a predominance of financial sector sources and strong endorsement of austerity policies (Berry, 2015; Cawley, 2013;; Touri and Rogers, 2013; Schiffrin and Fagan, 2013; Tracy, 2012; Schrifferes and Knowles, 2015; Rafter, 2014). The findings also fit with the conclusions set out by the Glasgow Media Group more than thirty years ago (1976, 1980, 1982). British broadcasting still ‘offers an open door to the powerful and a closed door to the rest of us’ and so ‘violates its own proclaimed principles of fairness and objectivity’ (Glasgow Media Group, 1982: 16). This can be seen in how BBC sourcing is drawn from a very narrow range of opinion centred on Westminster politicians, City experts, The Bank of England, IMF and OECD. One consequence is that deficit reduction policies which threaten the interests of capital, such as action on taxation avoidance or the introduction of wealth, property or transaction taxes, are excluded from coverage. Another is that such patterns of sourcing throw up significant conflicts of interest. For example, the BBC predominately sources its opinion on tax policy from the big four accountancy firms, who are the creators and beneficiaries of some of the UK’s largest ‘aggressive’ tax avoidance schemes and who lobby government to introduce tax breaks for their clients (House of Commons, 2013). The BBC, as the Media Group, noted thus works within the consensus set by powerful institutional sources. BBC journalists themselves have even questioned whether it is their role to challenge that consensus. Commenting on journalism’s failure to predict the 2008 crash Hugh Pym argued:

We all forgot previous market crashes and assumed that the boom of the early twenty-first century was different ... a collective wisdom or consensus signed up to by a very broad coalition of politicians and media was that markets would ensure beneficial outcomes and that the lightest of regulation was all that was required ... And I think the problem for the media – and especially the BBC – is to ask ‘Is it the role of the BBC to challenge a consensus which is as broad as that, is it the role of any of us to challenge as broad an intellectual consensus or to challenge from what might be seen as the sidelines at the time?’ (Pym, 2009, cited in Manning, 2012: 186)

If anything the results of this study paint a more pessimistic view of BBC coverage than the work of the Media Group in the 1970s and 1980s. During that period there was some space for oppositional voices to contest economic policy, even if their views were downgraded in relation to those of their opponents. By 2009, BBC reporting reflected the narrow consensus set by politicians and financial elites. Within this consensus, even the majority view of the orthodox macroeconomic mainstream was absent. Wren-Lewis has dubbed this kind of coverage ‘mediamacro’ and argues the prominence of City economists is central to why austerity has received so little critical scrutiny:

Their [City economists'] views tend to reflect the economic arguments of those on the right: regulation is bad, top rates of tax should be low, the state is too large, and budget deficits are a serious and immediate concern...In the case of UK austerity, it [the dominance of City economists] has allowed the media to portray the reduction of the government's budget deficit as the overriding macroeconomic priority, when in reality that policy has done and may continue to do considerable harm (2015: 32)

The implications of this type of reporting for democratic debate, public understanding and policy are profound. Polling shortly after the 2010 election revealed that most people who expressed an opinion saw cuts as unavoidable and thought austerity would be good for the economy (YouGov, 2010). Such judgements are likely to have been heavily influenced by press and broadcast reporting. Furthermore, if attempts to maintain aggregate demand during recessions lead to what Krugman (2009b) and Reich (2009) have described as 'deficit hysteria', then this calls into question whether it will be possible for UK, US or Eurozone states to run countercyclical fiscal policy in the future.

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