

## The outrageous cost of a free press

“As you walk through the front door of the Columbia School of Journalism, the first thing you see is this paragraph, cast on a bronze plaque:

“OUR REPUBLIC AND ITS PRESS WILL RISE OR FALL TOGETHER. AN ABLE, DISINTERESTED, PUBLIC-SPIRITED PRESS, WITH TRAINED INTELLIGENCE TO KNOW THE RIGHT AND COURAGE TO DO IT CAN PRESERVE THAT PUBLIC VIRTUE WITHOUT WHICH POPULAR GOVERNMENT IS A SHAM AND A MOCKERY. A CYNICAL, MERCENARY, DEMAGOGIC PRESS WILL PRODUCE IN TIME A PEOPLE AS BASE AS ITSELF. THE POWER TO MOULD THE FUTURE OF THE REPUBLIC WILL BE IN THE HANDS OF THE JOURNALISTS OF FUTURE GENERATIONS.

“These four sentences are about as close to the intellectual origins of the American journalism school as you can get. They are taken from an article by Joseph Pulitzer in the May 1904 issue of the *North American Review*, the only serious defence he offered of his plan to fund the first journalism school at Columbia. He argued that his school would “raise journalism to the rank of a learned profession” and create a “class feeling among journalists.” He predicted—wrongly, as it turned out—that “before the century closes schools of journalism will be generally accepted as a feature of specialized higher education, like schools of law or of medicine,” and that the elites of Columbia would band together to cast out “the black sheep” from the profession.

“According to his biographer, W.A. Swanberg, the idea of a school of journalism first dawned on Pulitzer in 1892, while he was confined to a dark room, suffering from asthma, insomnia, exhaustion, diabetes, manic-depression and failing eyesight. By the time he actually composed his thoughts for the *North American Review*, his bed chart included rheumatism, dyspepsia, catarrh and a bad case of shame for the Spanish atrocities in Cuba deliberately invented by his reporters to goose the circulation of his newspapers. His wife, a few of his colleagues and the trustees of Harvard and Columbia, who initially declined the \$2 million sack dangled before them, suspected that he was not quite in his right mind. A New York newspaper editor named Horace White suggested that one might as well set up a graduate school in swimming..

“..The first sentence on the bronze plaque that you see when you walk through the front door of the Columbia Journalism School may or may not be true, but it sets a fittingly autocratic, unreflective tone. The second sentence is ungrammatical. The last two sentences offer the sort of grandiose vision of journalism entertained mainly by retired journalists or those assigned to deliver speeches before handing out journalism awards. Highly flattering to all of us, of course, but it would be more true to flip the statement to read: “a cynical, mercenary, demagogic people will produce in time a press as base as itself ...” There’s also a small problem: when the journalism school cemented the bronze plaque on the wall in 1962,

to commemorate its fiftieth anniversary, it misquoted the text as it appeared in its final, pamphlet form. Those nits! The details! Flaubert! A word of Joseph Pulitzer's is missing, between demagogic and press. The word is CORRUPT."

- Michael Lewis, [J-School Confidential](#), The New Republic, 18 April 1993.

**Whilst a student** of English Language and Literature in the late 1980s, this commentator spent several summers interning at advertising agencies and newspapers. The ad agency jobs involved first-hand experience of copywriting assignments and real campaigns. The newspaper jobs, on the other hand.. On walking into the offices of The Daily Express (more specifically, its short-lived and not especially appealing 'dX' magazine), for example, we were given just one instruction: "Who do you know that's famous? Go off and get an interview." It would be fair to say that this did not exactly win us over to the 'profession'. On entering the full-time job market in the recession of 1991, there turned out to be no positions available – at least not for this correspondent. But Fleet Street's loss turned out to be the City's dubious gain, and instead of a tyro Grub Street hack, a neophyte bond salesman was born.

From the vantage point of 2018, the disruptive whirlwinds of the Internet seem to have shredded both 'professions' pretty exhaustively. Those banks that didn't conclusively blow themselves up during the Global Financial Crisis are now fending off all kinds of competition from digital upstarts – just as the authors of [the Cluetrain Manifesto](#) forecast roughly 20 years ago. The newspapers are hardly any healthier. Comparing prospects for banking versus traditional media is like comparing the patient experience in the ER versus that in the cancer ward. In both cases, the rational end-user response to these corporate and cultural developments is most probably: **good**.

Things were pretty good in banking – at least for the bankers – until the music stopped in 2007/8. Just how did they go bankrupt? *Pace* Hemingway, it happened slowly, then all at once. That thin whining sound you now hear is the world's smallest violin, playing just for the bankers.

The collapse in prospects for traditional media seems to have been more of a slow-burner. Instead of a GFC, the newspapers have been quietly drifting off into irrelevance for what seems like forever. But historians in the future may link their obsolescence to two pivotal events: Brexit, closely followed by Trump. Brexit would go on to reveal that **at least** half the (British) media were pathologically incapable of delivering objective reportage on the most important political development of our age. The election of Donald Trump as US President showed that it could be possible to gain the most important office in the world by bypassing the conventional media altogether and simply addressing your base directly, via Twitter. Mark Z may have sharply described Twitter as a clown car driven accidentally into a goldmine, but Twitter at least has varied forms of utility for its users (this correspondent rates its networking effect most highly of all, namely the ability to enjoy serendipitous encounters with interesting strangers and then meet them down the pub). But Facebook? Let's put the terminal uncoolness to one side, and just focus on the fraudulence. John Lanchester, reviewing *Chaos Monkeys: Inside the Silicon Valley Money Machine* for the LRB, wrote the following about fraudulent content:

Zuckerberg himself has spoken up on this issue, in a Facebook post addressing the question of 'Facebook and the election'. After a certain amount of boilerplate bullshit ('Our goal is to give every person a voice. We believe deeply in people'), he gets to the nub of it. 'Of all the content on Facebook, more than 99 per cent of what people see is authentic. Only a very small amount is fake news and hoaxes.' More than one Facebook user pointed out that in their own news feed, Zuckerberg's post about authenticity ran next to fake news. In one case, the fake story pretended to be from the TV sports channel ESPN. When it was clicked on, it took users to an ad selling a diet supplement. As the writer Doc Searls pointed out, it's a double fraud, 'outright lies from a forged source', which is quite something to have right slap next to the head of Facebook boasting about the absence of fraud. Evan Williams, co-founder of Twitter and founder of the long-read specialist Medium, found the same post by Zuckerberg next to a different fake ESPN story and another piece of fake news purporting to be from CNN, announcing that Congress had disqualified Trump from office. When clicked-through, that turned out to be from a company offering a 12-week programme to strengthen toes. (That's right: strengthen toes.) Still, we now know that Zuck believes in people. That's the main thing.

But back to piling on **traditional** media. Just in the relatively narrow context of financial news and commentary, the rise of digital media means that the news isn't really all that new, and the commentary is more or less pure supposition.

The definitive slaying of the 'financial news has a point' myth was conducted by Thomas Schuster of the Institute for Communication and Media Studies at Leipzig University:

The media select, they interpret, they emotionalize and they create facts. The media not only reduce reality by lowering information density. They focus reality by accumulating information where 'actually' none exists. A typical stock market report looks like this: Stock X increased because... Index Y crashed due to... Prices Z continue to rise after... Most of these explanations are post-hoc rationalizations. An artificial logic is created, based on a simplistic understanding of the markets, which implies that there are simple explanations for most price movements; that price movements follow rules which then lead to systematic patterns; and of course that the news disseminated by the media decisively contribute to the emergence of price movements..

Historians identify different types of sources. Primary sources are first-hand accounts: diaries, eye witness statements, that sort of thing. Secondary sources, as the name implies, are second-hand and one step removed. So here's the thing: in financial commentary, **all the sources are secondary**, and more or less irrelevant. They're certainly subjective, with all that that implies. The only primary source in financial markets is the traded price itself. Everything else is supposition. Opinion. Less politely, **noise**.

By all means enjoy financial commentary – even the flimsy and spurious reportage that can only ever be a variously untrustworthy narrative. But do so in the understanding that more or less all news is simply a distraction, as Rolf Dobelli [nicely observes](#).

Not to end on too much of a downbeat note, we alluded earlier to a preference for Twitter as a news / commentary / research / talent-sourcing device, and creator of serendipitous relationship-building for those sufficiently inclined to use it as such. Here's an example of such commentary. Fund manager George Cooper (@FixingEconomics) described [this piece](#) as "one of the best, most succinct, pieces of investment advice I have ever read".

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Ref: 62/2/KC2806.