

# **Crunching the Numbers, Breaking the News**

Progress and Challenges for Financial Journalism in the Arab World

**By Alaa Shahine**

New Arab media have brought the world some dramatic images: one videoclip, for example, shows an Egyptian man, naked from the waist down, being sodomized with a stick by a police officer while other officers watch, another shows an Iranian woman shot dead in an anti-government protest in Tehran, and Al Jazeera television broadcasts audio tapes of a man purported to be Al Qaeda leader Osama bin Laden.

Images such as these have dominated discussions and studies about the media scene in the Middle East over the last decade. Debates have focused mainly on the role of the Internet and satellite television stations, especially Al Jazeera in Qatar, in breaking down government controls over news. The discussions, however, have so far largely overlooked another area that has seen remarkable progress in the region during roughly the same period, namely financial journalism.

The explanation for the apparent neglect is easy to find: in a region largely dominated by absolute monarchies and autocratic governments, factors that give citizens greater access to information and stimulate the demand for political freedoms are always interesting to watch and analyze. In the case of Iran, for example, citizen journalists (ordinary people using their mobile phone cameras and sending reports through Twitter and social networking Web sites such as Facebook) became a major source of news when Tehran banned reporters from going out on the streets.

Another reason is that such stories appeal to a wide audience in the West and in the region and are therefore more likely to stir debate. Financial news, on the other hand, is highly technical and appeals to fewer people. Even reporters find it difficult to write about complex matters such as bank bailouts and derivatives.

## **'Just Feed Them Pabulum'**

It took journalists in the West years to become more familiar with the subject too. During a meeting of the U.S. Federal Reserve Open Markets Committee (the body that sets key U.S. interest rates) in 1993, Chairman Alan Greenspan said that reporters in the 1970s would parrot whatever was given to them. "You could just feed them pabulum and they pretty much accepted it," he said.

The point of his remark was that things had changed. The Fed's decision during a previous meeting had been leaked to the Wall Street Journal and CNBC. Reporters had

become more aggressive and knowledgeable. Greenspan told other Fed governors that that if there were another leak he would ask for a sworn statement from everyone in the room that each had not talked with reporters (1).

Greenspan's remark reflected the progress and the rising influence of financial media, be it newspapers, magazines, news services, Web sites or television networks.

What caused the profession to change from being dominated largely by people who would accept whatever they were told? The influence of the financial media has increased as the number of people investing in financial markets has risen. In the United States, the world's largest economy, more than 50 percent of the population held stock by the end of 2008. In 1935, only 11 percent of Americans owned stock, and as recently as 1983 only 19 percent did (2).

The role of the media also gained more prominence with economic globalization: the closer integration of the economies and markets of the world due to the reduction of barriers on the movement of goods, services and capital. A better-than-anticipated fall in the unemployment rate in the United States can boost financial markets in Asia and Europe: investors will be more optimistic about the health and the future of the U.S. economy, and that means more business for companies that trade with the United States. Bad earnings for a multinational company such as Toyota could mean job cuts in its factory in Egypt, and a slowdown in European economic growth may hurt China's exports to the Eurozone.

These developments have increased the need for news outlets that can provide real-time information and in-depth reporting on issues including economic indicators, regulatory policies, stock markets, companies and currencies and how they affect the lives and earnings of investors and ordinary people. Recognizing the demand, news organizations started to put more emphasis on their financial coverage and new outlets sprang up. Bloomberg LP, which had started as a company that provides financial data, launched a news department in 1990 and now operates a television station, a radio, a Web site along with its main platform: the Bloomberg terminal. Reuters, which began as a financial news service in the 19th century became best known for its coverage of general news and politics, started to refocus on financial news in the 1980s and now views this as the heart of its editorial division. Both companies, along with other outfits such as Dow Jones newswires, have invested tens of millions of U.S. dollars to develop technologies that enable them to publish stories as fast as possible, recognizing that being as much as a few seconds late on an interest rate announcement from the Federal Reserve or the Bank of England can cost investors serious money and drive them into the arms of another news provider.

Journalists have also helped shape the debate around globalization. In the words of Joseph E. Stiglitz, winner of the Nobel Prize in Economics, reporters are now "being asked not only to cover major events" such as the meetings of the International Monetary Fund and the World Bank "but also to interpret what happens at those meetings within the broader debate on globalization" (3)

The current global financial crisis, the worst since the Great Depression, has also put financial journalism under the spotlight. Political debates about bank bailouts, bonuses

for bankers and government spending to stimulate the economy have pushed business stories to the front page of newspapers and dominated headlines on television networks day after day.

### **Capitalism-Socialism-Capitalism**

In the Arab world, financial media stagnated for several decades after the end of World War II. Governments imposed restrictions on the private sector, impeding the growth of financial and capital markets. In Egypt, the Arab world's most populous country, for example, the first stock market was set up in Alexandria in 1883, followed by Cairo in 1903. The two bourses merged and finally collapsed in 1961, when President Gamal Abdel Nasser nationalized private businesses as part of his drive to make Egypt a socialist state. It took the country 36 years to reopen the market and in the meantime the economy was state-controlled.

The economies of the Gulf Arab region were tiny until the discovery of oil and then the rise in oil prices that began in the early 1970s. Saudi Arabia, the world's top oil exporter, did not have a stock market until 1990 and did not open it to investors from outside the Gulf Cooperation Council -- Kuwait, Saudi Arabia, Oman, Bahrain, Qatar and the United Arab Emirates -- for another seven years.

During those decades, financial pages in Arab newspapers mainly printed stories from international news agencies. Newscasts on televisions were nothing but anchors reading from the same stories. Hosting a guest in an interview on the economy was unheard of. Even the Arabic radio service of the British Broadcasting Corporation, one of the most trusted news sources in the Middle East, did not have a live financial news bulletin as recently as 2005. Instead, it used to record an economic bulletin and air the same material every hour for eight hours.

Newspapers and magazines specializing in financial media were rare. In Egypt, media mogul Emad El Din Adeeb published Al Alam Al Youm daily newspaper in the 1990s to emulate the Financial Times. It had an Egyptian and a Gulf edition, but the latter was soon shut down.

### **Got Oil? Got News!**

The landscape of financial media in the region changed at the turn of the century, especially when oil prices started to rise from less than \$30 a barrel before the 2003 U.S.-led invasion of Iraq to reach nearly \$150 a barrel in 2008. This led to a boom in the region's stock markets. At the end of the 2005 fiscal year, the market capitalization of the Saudi bourse was \$650 billion, 111 percent more than a year earlier (4).

Western media responded by increasing their financial coverage of the region. Bloomberg LP now has two bureaus in the United Arab Emirates, one in Dubai, the region's financial hub, and one in Abu Dhabi. It also has reporters in Saudi Arabia, Qatar, Kuwait and Iraq. In North Africa, it has a bureau in Cairo, along with reporters in Algeria, Sudan, Tunisia and Morocco. Thomson Reuters also has bureaus across the Middle East,

has established a financial service dedicated to the Gulf and beefed up its financial news coverage in Arabic. CNBC has launched a television station in Arabic, CNBC Arabiya, wholly devoted to financial reporting. Dow Jones has teamed up with Zawya, a Dubai-based company that started out as a Web site publishing statements from companies and news agencies to become a provider of data and original research reports. Newspapers that had so far focused on the political coverage of the region started to look at its markets as well. The Financial Times opened a bureau in Abu Dhabi and the Wall Street Journal in Dubai. CNN launched a program called Marketplace Middle East, focusing solely on the economies of the region. The Middle East had ceased to become a region that only produces news about wars and conflicts.

This time, however, Arab media organizations didn't stand idly by. Al Arabiya, the Dubai-based television owned by Saudi Arabia's MBC Group, launched a daily program called "The Arab Markets" in 2005, just two years after it went on air. For the program, the station recruited a group of anchorwomen, most of them with MBAs and experience in international banks. Lara Habib Chamat, one of the main newscasters and reporters on the show, worked at BLOM Bank in Lebanon. Cyba Audi worked at U.S. investment bank Merrill Lynch. Nadine Hany, another anchorwoman on the show, worked for the French bank BNP Paribas (5).

A typical morning on Arab Markets starts before the opening of the bourses in the Gulf with company and economic news. Before the opening bell of the Saudi market, newscasters go over the main pre-session orders on some of the biggest listed companies. Reporters at the Dubai bourse talk about the market and the key news and movers. The show has a segment around midday in Dubai called Business Lunch. It usually features an interview with company executives or government officials. The long list of guests has included names such as Muhammad Al-Jasser, Saudi Arabia's central bank governor. When Citadel Capital, an Egyptian private equity firm with \$8.3 billion in investments, began trading on the Egyptian exchange in November last year, Marwan Elaraby, one of its managing directors, gave a live interview on the show in Dubai to announce the reason behind the move.

"We don't just see ourselves competing against televisions," Chamat said (6). "We also compete against news agencies even though we have less people."

Because of the educational background, reporters and newscasters on the show waded through complicated financial topics with apparent ease. The channel has become one of the key sources for international news services on the region. In December 2009, it beat them to the details of the Saudi budget and has been more than competitive on the twists and turns of the Dubai debt crisis.

Newspapers have also reinforced their coverage of financial news. Al Alam Al Yom's monopoly as the only business daily in Egypt ended with the publication of Al Mal. Like Al Arabiya, Al Mal has become a key source for news, not only for international agencies but also for investment banks which almost daily quote the newspaper in their research notes.

The common element here is that Arab media organizations are opting to generate more original content instead of solely relying on material from foreign sources.

“There was a conscious decision about this from the start,” said Wael Gamal, a managing editor at Al-Shorouk newspaper, an Egyptian daily. Gamal, who has a master's degree in economics and has worked for BBC Arabic, CNBC Arabic and Reuters, said reporters are told to pursue exclusive content. Even when a news agency breaks a story, the first approach for the newspaper is to try and match it, instead of just printing it as is (7).

## **Challenges Ahead**

The move towards more self-sufficiency in generating content in Arabic-language media is hardly new. A key development in this direction was the launch of Al Jazeera television in 1996. But even before that, some newspapers, notably Al-Hayat and Asharq al-Awsat, had correspondents across the Arab world and in key world capitals.

Still, what makes the forays of Al Arabiya, Al Mal and Saudi Arabia's Al Eqtisadiyah newspaper interesting is the technical aspects of the content. What makes it more difficult for Arab journalists is that education in the region hardly prepares them to do their job and little attention has been paid so far to offering them proper training. Some examples show how this can be a problem. In 2008 an Egyptian opposition newspaper accused the government of misleading the public by publishing two different figures for inflation. The reality is that both figures were right, because one was for inflation in the urban parts of Egypt and the other was for inflation in the countryside. Al Masry Al Youm newspaper, the country's main privately owned daily, published a story in July last year, citing an anonymous source as saying that Egypt was in talks with the World Bank for a \$1.2 billion loan to fund the budget deficit, even when it is well known that the Washington-based institution does not lend for such purposes. The Egyptian Finance Ministry issued a prompt denial.

Inadequate knowledge of the subject leaves reporters always at risk of parroting what governments and companies say. This applies everywhere, not just in the Arab world. Journalists in the developing world, however, have a longer way to go. During training courses I gave at a number of Egyptian media organizations in 2008, financial reporters asked me questions about the benefits and ills of privatization, or why the public aren't seeing the benefits of economic growth. Some reporters did not know what inflation was and others did not know the basic functions of central banks.

Then there is the problem of access to information, or the lack of it. In 2009, Bloomberg News obtained a ruling from the Manhattan Federal Court affirming the public's right to find out about the Fed's more than \$2 trillion assistance to financial firms. This, needless to say, is still unheard of in the Arab world, despite the loosening grip of governments on information.

Some of the other challenges facing financial journalism in the Arab world also face the news profession in general. Many stories still appear without a source. Reporters still fail on many occasions to chase comment from all parties involved in a story. I remember spending quite some time once arguing with a banking reporter at a state-run Egyptian news organization that it was important to put in a story that you tried to obtain comment

from this side or that. After exhausting arguments such as the need for balance in the story, I finally convinced her on the grounds that it provided legal protection in case the information from one source turned out to be wrong.

Yet the pace of progress achieved in the past decade remains a source for hope and optimism that more can be done. Certainly more *needs* to be done.

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- (1) Woodward, Bob: *Maestro: Greenspan's Fed and the American Boom*. Simon & Schuster, 2000.
  - (2) Professor D. Quinn Mills, <http://hbswk.hbs.edu/item/3456.html>
  - (3) *Covering Globalization, a Handbook for Reporters*. Columbia University Press, 2004.
  - (4) Country Profile: Saudi Arabia 2006, Library of Congress, Federal Research Division. [http://docs.google.com/viewer?a=v&q=cache:0YBuKQt\\_GhgJ:memory.loc.gov/frd/cs/profiles/Saudi\\_Arabia.pdf+when+did+saudi+arabia+have+a+stock+market%3F&hl=en&gl=eg&pid=bl&srcid=ADGEESikttfCZzocXkDkzhPw\\_iQZ6z5Yi-cdCts3BGYoPrEUUMiqgDUv57pmZsXJ\\_uwTwftu2HEhVofla\\_e0ojsTukvTZWqiPe-Rag8YqEJ8PKaLoXBVqLb\\_pfbM-l-5oNIec1o9HgD1&sig=AHIEtbQiO8Epj-OQP2OI0QjugV\\_2fAv7w](http://docs.google.com/viewer?a=v&q=cache:0YBuKQt_GhgJ:memory.loc.gov/frd/cs/profiles/Saudi_Arabia.pdf+when+did+saudi+arabia+have+a+stock+market%3F&hl=en&gl=eg&pid=bl&srcid=ADGEESikttfCZzocXkDkzhPw_iQZ6z5Yi-cdCts3BGYoPrEUUMiqgDUv57pmZsXJ_uwTwftu2HEhVofla_e0ojsTukvTZWqiPe-Rag8YqEJ8PKaLoXBVqLb_pfbM-l-5oNIec1o9HgD1&sig=AHIEtbQiO8Epj-OQP2OI0QjugV_2fAv7w)
  - (5) *Professional Beauties*, Al-Qabas newspaper, Kuwait, January 2010, Issue 13170.
  - (6) Interview with Author.
  - (7) *Ibid*.

