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Thank you very much for that kind introduction. It is a great honor to speak here as a Poynter fellow at Yale. Nelson Poynter's program has done so much over the years to illuminate the theory and practice of good journalism. Though as the legendary Yogi Berra once observed, wisely: "In theory there is no difference between theory and practice. In practice, there is."

These are the best of times and the worst of times to be a financial journalist. The best, because we have a once-in-a-lifetime opportunity to report, analyze and comment on the most serious financial crisis since the Great Crash of 1929. The worst, because the newspaper and television industries are suffering, not only from the cyclical shock of a deep recession but also from the ongoing structural shock powered by the internet revolution.

Now, out of Mr Berra's proverbial left field, comes a third shock. The financial media find itself accused of missing the global financial crisis. Asleep at the wheel. Head in the clouds. Head in the sand. No cliché has been left unturned as reporters, commentators, yes even editors, have been castigated for failing to warn an unsuspecting public of impending disaster.

Do these charges add up? Was the press an accomplice or merely an innocent bystander at the scene of the crash? To paraphrase the killer question from the Watergate hearings: What did the press know and when did it know it?

Two months ago, I found myself, along with four other senior journalists from the press and television, answering a barrage of similar questions in front of the House of Commons Treasury Select committee at Westminster, the equivalent of the House Financial Services committee without the cerebral wit of Barney Frank.

The experience was disconcerting and more than a little disappointing. There were no klieg lights and the quality of questioning fell short, well short, of the standards set by the Watergate committee. Among the more improbable accusations was that the financial press in Britain had deliberately buried the bad news because bad news did not sell newspapers.

This charge from a Scottish Labour MP aptly named Mudie (pronounced Moody) conveniently overlooked a decade of Labour government claims that it had abolished "boom and bust" and the British economy was in far better shape than the rest of Europe – claims which were frequently reported on the front pages of the British press, including the FT.

On this side of the pond, some of my journalistic colleagues have been more forthcoming in acknowledging sins of omission, if not commission. Charlie Gasparino, a much-feared former investigative reporter for the Wall Street Journal-turned-TV reporter for CNBC, the financial cable news channel, is uncharacteristically contrite. "We all failed," he told Howard Kurtz of the Washington Post, "What we didn't understand was that this was building up. We all bear responsibility to a certain extent."

Kurtz himself goes further: "The shaky house of financial cards that has come tumbling down was erected largely in public view: overextended investment banks, risky practices by Fannie Mae and Freddie Mac, exotic mortgage instruments that became part of a shadow banking system. But while these were conveyed in incremental stories -- and a few whistle-blowing columns -- the business press never conveyed a real sense of alarm until institutions began to collapse."

Marcus Brauchli, formerly Wall Street Journal global news editor and now executive editor of the Washington Post, admits that the press may have fallen down on the job but offers a partial alibi: "These are really difficult issues to convey to a popular audience. You do have an obligation as a journalist to push important issues into the public consciousness. We also have to remember you're pushing against a powerful force, which is greed."

I will return later to the media's dual role of cheerleader and doom-monger, but let us ponder for a moment the substantive charge that financial journalists missed the bigger picture; that it failed to grasp the systemic threat to the stability of the banking sector posed by an excess of credit; and that it failed to analyse in a serious manner the exponential growth of sophisticated financial products such as derivatives whose raison d'etre was to hedge those risks.

First, by way of mitigation, it must be said at the outset that journalists were not the only ones to fall down on the job. Political leaders were happy to break open the champagne at the credit party; many lingered long after the fizz had gone flat. Regulators in the US, UK and continental Europe (with the notable exception of the Bank of Spain) all failed to identify, manage and contain the risks building up within the financial system. Many economists, too, fell short. Only a gallant few identified pieces of the puzzle, even if, crucially, they failed to piece them together.

Nouriel Roubini, now celebrated as the thinking man's prophet of Doom, warned as early as 2004 that the world's trade imbalances were unsustainable, and he was quicker than most to link problems in the financial sector with the real economy. Our very own Martin Wolf was ahead of the pack too on the risks of global imbalances. William White, former chief economist of the Bank for International Settlements, the central bankers' bank in Basel, Switzerland, was a persistent critic of lax monetary policy and the failure to stem credit expansion. Most striking of all, Warren Buffett, boss of Berkshire Hathaway insurance group, warned in 2003 that derivatives were "financial weapons of mass destruction" and some contracts had been devised by "madmen". (This did not discourage Berkshire from using derivatives, but that is another story)

Why did financial journalists not pay more attention to these warnings and give them more prominence? This is a tricky question which deserves several answers. First, the financial crisis started as a highly technical story which took months to go mainstream. Its origins lie in the credit markets, the coverage of which in most news organisations counted as little more than a backwater. Most reporters working in this so-called "shadow banking system" found it hard to interest their superiors who controlled space on the front page or the air-time on the nightly news bulletin, and who were far more interested in broadcasting the "good news" story of rising property prices and economic growth.

A second related problem with the credit derivatives story was that it took place in an over-the-counter market with little disclosure, and very little day-to-day news. Inevitably, the temptation was – and still is – to run with the stories which much less opaque such as public company earnings and equity markets. Yet the credit markets were where the big innovations – and the big money - were being made.

I should note, in full disclosure, that the Financial Times was and is an exception to the rule. Back in 2004, we appointed a talented journalist named Gillian Tett to head our capital markets coverage. A trained anthropologist who earned her Phd after studying goat herders in
Tadjikistan – I am told this helped her to get to grips with exotic financial instruments - Gillian had covered the banking crisis in Japan for the FT in the late 1990s. Her appointment as capital markets editor, which was accompanied by a significant strengthening of our markets team in London and New York, proved to be inspired.

As late as 2004, few journalists wrote regularly about credit derivatives. Markets reporting was tilted in favour of equities rather than debt. Moreover, exotic derivatives such as credit default swaps and collateralised debt obligations were extremely opaque. They demanded a sophisticated grasp of risk management, preferably supported by an understanding of advanced mathematical models.

More fundamentally, the prevalent view among banking executives and regulators – the regular sources for financial reporters - was that the more risk was dispersed and hedged, the fewer risks to the system. This view was espoused by, among others, Alan Greenspan, when he served as chairman of the Federal Reserve.

For virtually his whole tenure in office, what Mr Greenspan said was treated in the markets as akin to receiving guidance from the oracle at Delphi. So it was little surprise that markets were lulled into complacency; and even less surprise that journalists were unwilling to challenge the conventional wisdom about risk modeling. Gillian Tett's warning in early 2005 that the more risk was dispersed, the greater the risk to the system was very much a voice in the wilderness.

The second, broader criticism is that the financial media was too interested in building up a good news story than knocking it down. Jon Stewart's on-air demolition of the booster-turned-doomster Jim Cramer demonstrates beyond doubt that there is a case to answer. Indeed, Stewart goes so far as to suggest that CNBC, which hosts Kramer's "Mad Money" show, overlooked market shenanighans because it was too close to its core community: the Wall Street traders and investment bankers. Danny Schechter, writing in the British Journalism Review, is equally critical if less persuasive, alleging newspapers had no interest in pursuing scandals in mortgage lending for fear of alienating property advertisers.

Journalists routinely face tensions between relying on their sources and "burning" them with critical coverage. Think of the White House press corps, the British "lobby" press which covers Number 10 Downing Street and Parliament, or sports journalists assigned to a team. The incentive to "go along" to "get along" is always present, in perpetual competition with the basic journalist instinct which is to speak truth to power.

For better or worse, journalism holds a mirror up to society. When the good times are rolling, journalists are sorely tempted to join the party, not least because they have no power to take away the punch-bowl. Those in charge must strike the right balance between reporting on the here-and-now and carving out enough time (and, crucially, resources) to cover those subjects which are "over-the-horizon". That's a struggle I face every day of the week.

In the final resort, there can be little debate that the financial media could have done a better job, just as it could have done a better job ahead of the dotcom crash in the early part of this decade. Then as now, many in the profession have taken the solemn vow: never again. In this spirit of self-criticism, I would single out five specific weaknesses in the financial media's coverage of the events leading up to the financial crisis, and offer some prescriptions for the future.

First, financial journalists failed to grasp the significance of the failure to regulate over-the-counter derivatives which formed the bulk of counterparty risk in the explosion of credit in the middle of this decade, following the dotcom bubble. Alan Greenspan was opposed to such regulation, but how many commentators took the Fed chairman to task and warned of the risks to the financial sector? For the most part, journalists were a little too enamoured with the prevailing tide of deregulation which stretched back well beyond the formal abolition of Glass-Steagal in 1999 to the Thatcher-Reagan era.

Second, journalists, with a few notable exceptions, failed to understand the risks posed by the implicit state guarantees enjoyed by Fannie Mae and Freddie Mac, the mortgage finance giants. Here, we should tip our hats to the now much-maligned Mr Greenspan. He raised alarms early and often about the risks involved in government-sponsored entities such as Fannie and Freddie. Overall, however, Fannie and Freddie's political clout, especially on Capitol Hill, meant that there was far too little media scrutiny of its activities or, indeed, its overwhelmingly generous remuneration for executives. Of course, it was difficult for journalists to attack the sacred cow of broader home ownership in America, but that by itself is no alibi if the financial foundations were unsound.

Third, journalists failed to grasp the significance of the growth in off-balance sheet financing by the banks, its relationship with the pro-cyclical Basle II rules on capital ratios, and the overall concept of leverage. How many news organizations reported on the crucial SEC decision in 2004 to loosen its regulations on leverage? The explosive growth of structured investment vehicles at the height of the credit boom was also woefully under-reported. This was part of a broader failure to understand weaknesses in risk management in the financial sector. At the same time, many journalists accepted at face value the continental European argument that hedge funds posed the most serious systemic threat to the financial system rather than highly leveraged investment banks, an assertion which proved dead wrong.

Fourth, financial journalists were too slow to grasp that a crash in the banking system would have a profoundly damaging impact on the real economy. The same applies to regulators and economists. For too long, too many self-styled experts treated the financial sector and the wider economy as parallel universes. Thus, banking journalists failed to understand the significance of global imbalances, while economists failed to pay sufficient weight to credit risk. In the same vein, many financial and economic journalists were too gullible in swallowing claims that the rest of the world had decoupled from the US, and therefore the risks to world economic growth were limited. As we now see, this was fundamentally wrong.

Fifth, financial journalists followed the natural tendency to seek rationales for events as they unfold, rather than question whether they are sustainable. Again, they were in good company, alongside bankers, regulators and politicians. While it is true that it is difficult to make a living as a "perma-bear", it is also fair to say that there was an alarming suspension of critical faculties among financial and business journalists during the credit bubble.

So how to do better? Our own experience at the Financial Times suggests that training is critical. After the Enron debacle, we introduced regular and deeper lessons in areas such as reading balance sheets. We also made a handful of hires in the financial sector to improve our specialist knowledge of markets. And, finally, in the finest spirit of the 122-year-old FT, we studiously avoided what the French call "la pensee unique". Unlike some of our rivals our culture is collaborative, team-based and non-heirachical, all of which helps to break down silos and ensure that people who are doing seemingly "boring" beats can get on page one. Moreover, being a broad independent church, we were – and are – happy to host a variety of views both on the op-ed page and in the analysis spots on our news pages, which causes all of us to challenge our assumptions
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This brings me to the most important point of all. One of the most poignant lessons of the last decade, both for policy-makers, academics and journalists, is that there are dangers in linear thinking. Many of the most important developments – the rise of radical Islamic terrorism, the opening of the Chinese economy as well as two successive credit bubbles which almost brought down the global financial system – have largely been unanticipated or, at the very least, failed to attract the attention they deserved.

Journalists, in this respect, have a crucial role to play. Flawed they may be, but they still have the capacity to be the canaries in the mine. Long may it be so.