

Spanish democracy at 40

INTERVIEW WITH VICENTE JIMÉNEZ NAVAS AND JOSÉ MANUEL SANZ MINGOTE

DIRECTOR GENERAL, CADENA SER AND INTERNATIONAL DIRECTOR, AGENCIA EFE, RESPECTIVELY



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Opposite:
Spain's first
democratically elected
Congress adopts the
Amnesty law, on
October 14 1977. In
the foreground are
Opposition MPs, led
by Felipe González
and Alfonso Guerra
(to his left), who
became Prime Minister
and Deputy Prime
Minister, respectively,
in December 1982

On June 15, 1977, for the first time since before the Civil War, Spain held democratic elections. Over the intervening 40 years, the country has emerged from international isolation to become one of the most enthusiastic members of the European Union and a key partner in NATO, as well as enjoying political stability and sustained periods of economic growth.

That said, the country is slowly recovering from the global downturn that started with the US subprime mortgage crunch in 2007, triggering a debt crisis and a bank bailout that hit productivity and drove up unemployment.

Now, after almost a decade of austerity aimed at reducing the budget deficit, the Spanish economy is showing signs of growth, with GDP forecast to expand in 2017 by 2.6 per cent. At the same time, the Popular Party (PP) government of Prime Minister Mariano Rajoy has had some success in tackling unemployment, and inflation is under control. But as Vicente Jiménez Navas, director general of Cadena Ser, the country's largest privately owned radio network and part of the PRISA media empire that owns leading daily *El País*, notes: "There is a sense of fatigue here: things are improving, but there's no feel-good factor."

Mr Jiménez says growing numbers of Spaniards feel their country is adrift, in part due to the lingering economic crisis that threatens the material progress made over the last four decades. "My generation has woken up to the reality that our children are unlikely to have a better standard of living than us, and that has produced a crisis of values and prompted many people to question the current system," notes Mr Jiménez.

There are other reasons Mr Jiménez says Spaniards are questioning the status quo: a series of high profile corruption cases at all levels of government and that particularly affect the PP: more than 700 politicians face prosecution for alleged corruption at national, regional and local level, mostly related to illegal party financing with funds from big private companies, especially construction companies that were behind the real estate boom of the late 1990s and early 2000s and that contributed to collapse of Spain's banks a decade ago.

As if that weren't enough, Spain's unity could be in question: the political and administrative system of the 17 regional communities introduced during the democratic transition in the 1970s. Mr Jiménez says

the government has failed to deal with the mounting demands of the regional government in Catalonia, which plans to hold an illegal referendum in October on independence. "There is no majority support for independence in Catalonia, but the movement has attracted large numbers of young people there who are disillusioned with traditional politics and see creating a new country as a romantic ideal," he says.

At the same time, Spaniards have become deeply disillusioned with the performance of the two main political parties, the PP and the Socialists (PSOE), which have dominated politics for the last four decades.

"At the time of the crisis, the two main political parties, the PP and the PSOE had come to completely monopolise the economic, social and political scene through a nearly bipartisan system. The two parties control a broad range of institutions, reaching from savings banks and universities, to the media and the judiciary," explains Mr Jiménez.

In 2011, millions of people throughout the country took to the streets to protest the inability of the two main parties to address the worsening crisis. But as Mr Jiménez points out, the protesters were a heterogeneous and ambiguous group, but they shared a strong rejection for Spanish politicians, the two-party system and corruption. "People took to the streets because they did not see themselves as represented by any traditional party, and believed the parties were in cahoots with the banks and big business" says Mr Jiménez.

Out of the protests were born two new political parties that have lured significant numbers of voters away from the PP and the PSOE: Podemos on the left and Ciudadanos (Citizens), which describes itself as a party of the centre.

As a result, in the general elections of December 2015 Mr Rajoy won narrowly, but was unable to form a government; after six months of failed horse trading and political stalemate, the country went to the polls again in June 2016, only to reproduce the same result. Finally, in October last year, the Socialists agreed to allow Rajoy to form a government with a simple majority.

In effect, politics was put on hold for most of 2016, further eroding public confidence and trust in the ability of politicians to put the interests of the country first. The government, which has a narrow majority, must now come to terms with reality of reaching consensus with the opposition to get laws passed.

Spain's media: A business model in crisis?

It has not been an easy decade for the Spanish media either: in 2004, Spain's newspapers were enjoying record distribution highs. Fast forward to 2017 and sales have halved. Digital competitors helped saturate the market, and the economic crisis has only exacerbated the situation.

And now another crisis is lurking, says Mr Jiménez: one of credibility. The boom of digital sources has also triggered made-up or fake news (as well as all the cute cat videos), resulting in a loss of reader trust.

But the forecast is not all doom and gloom. Digital media, at any rate, "has a very promising future," says José Manuel Sanz Mingote, international director of Spain's state-funded news agency, EFE.

Mr Jiménez argues that fresh formats for news such as online videos, blogs or podcasts are finally gaining ground in Spain: "News aggregators and social networks are increasingly important as distribution tools."

While readership is increasing, revenues are falling, which clearly indicates that news publishers "are failing to monetise their digital readers," says Mr Jiménez, arguing that paywalls offer a solution, and the pay-for-content models used by many top players suggest that public perception is once again swinging toward an appreciation for good journalism.

The emergence of new digital players has reduced advertising spending on print newspapers and magazines. Yet 15 per cent of all digital-ad spending in Spain goes to online newspapers, and "around 21 per cent of newspaper revenue comes from the Internet," says Mr Jiménez, who believes further developing advertising for new audiovisual formats should be prioritised, while print and digital formats should be jointly marketed.

Then there is the question of credibility: online media is perceived as sensationalist and lacking credibility. The proliferation of fake news, together with media-government hostility in some regions, continues to undermine the public's trust in what they read and watch. In Spain, 20 per cent of the population distrusts the news, a number media outlets must strive to reduce if they wish to remain relevant.

At the same time, says Mr Sanz, increasing the credibility of the media depends on the quality of the content and the professionalism of the journalists, whose work should be based on individual responsibility and freedom of expression. As Mr Jiménez notes: "There is no democracy without journalism, and there is no journalism without journalists, so business models need to prioritise creating an environment where quality journalism can thrive."

Facebook is not the only place for sharing and commenting on news stories. Growing numbers of online newspapers also offer this option, to capture reader interest and facilitate citizen journalism. Looking to the

future, says Mr Jiménez, newspapers will have to accept reader participation and attempt to establish discussion groups and direct relationships with readers.

Journalism is a matter of "democratic health," argues Mr Jiménez, and its core values must be maintained in its digital forms. Business leaders should continue to research and develop ways to capitalise on digital media, allowing journalists to continue their important work.

Similarly, through its website, which has dozens of thematic pages, EFE has been able to reach audiences directly, rather than simply selling its news stories to large media outlets. As the Spanish-speaking world's largest news agency, EFE also plays a role in projecting Spain's image internationally, says Mr Sanz: "Our market is still mainly Spain, but we reach out to Latin America, and increasingly to the United States, where there is a huge Latino community: our aim is to provide a Hispanic vision of the world."

Finally, as Mr Sanz points out, although online-news business models have their weaknesses, the lower entry costs associated with new digital ventures means innovations are less risky than they are for the traditional press. With new business models attuned to the environment, talk of the death of journalism should soon subside.

More broadly, if Spain wants to recover from the economic crisis and more importantly, reduce the impact of future shocks, it needs to reevaluate its institutions, says Mr Jiménez. Policies to reduce public debt will not be sufficient to restore economic growth. But luckily, Spain is a representative democracy combined with a social market economy, the two necessary pillars to regain prosperity and stability. In this sense, the basic ingredients are present and the wheel does not need to be reinvented.

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Photograph: Agencia EFE