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The Real Estate Bubble in Spain has been Pumped Up by All of Us

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Abstract

The objective of this briefing, based on a more extensive investigation is to show that the Spanish media has played an important role in prolonging the speculation in the real estate sector. For the first time it is proven that the guilt for the crisis in the real estate sector is also up to the media. And not just political influence was implied in the disinformation. Since the two leading general papers have been analyzed (EL MUNDO y EL PAIS), representing the main political ideologies in Spain, it is shown that no one can be blamed we all are responsible for this crisis and we all have to find ways to get out of it.

Keywords

Real estate crisis, Speculation, Moral, Corruption, Media.

JEL classification

E32, L74.

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■ 1. Introduction

The Spanish real estate market has experienced a totally oversized growth in the years 1996 to 2009. The reason for the ongoing growth was also that there was an unspoken agreement between companies, banks, government, society and Spanish media to make the public believe in a never ending boom, against all reason. In Müller (2010) it is demonstrated by a detailed content analysis that the main Spanish newspapers EL PAIS and EL MUNDO had an impact on the boom and crisis by not reporting the necessary information on their most seen page, the cover.

The work makes clear that the media has a responsibility to inform and not to hide information. For future crisis it could become very important to call for this responsibility of the press, to assure the control mechanism of the media in the sense that they work as a democratic organ and that they are not being manipulated by companies, banks and politicians. Therefore Spain is in dire need of independent research institutions that somehow disclose newspapers, radio stations or television broadcaster that are manipulating opinions or facts or just don't tell the whole story like, according to this research, it is often the case with the leading Spanish newspaper EL PAIS.

This research is therefore interesting in the current discussion about guilt for the ongoing crisis to furnish proof with this research and more detailed analysis of media content and the public opinion that the whole society is responsible for the bubble and therefore for the biggest economic crisis Spain has ever lived since the end of the dictatorship.

■ 2. Method of analysis

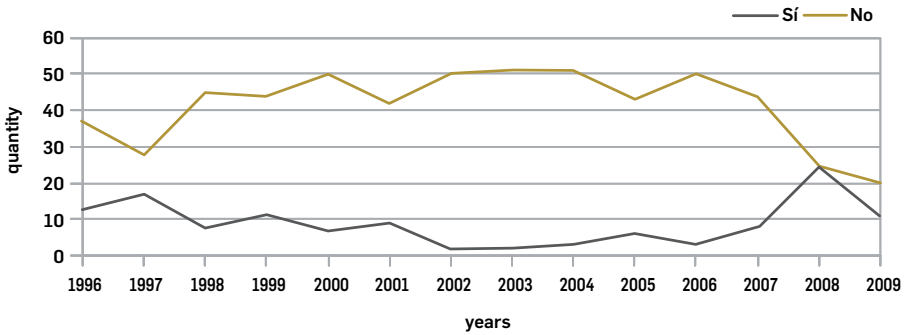
Walter Lippman, one of the biggest figures in research about image and stereotypes, said already in 1922: “*The quality of the news about a modern society is an index about its social organization.*” (Ortega, 2006, p. 51). With a quantitative and qualified content analysis of the Sunday cover pages of the two leading Spanish newspapers EL MUNDO and EL PAIS in the period from 1996 to 2009, the examination of all important related literature with regard to the subject and by interviewing important opinion leaders, I want to prove that the Spanish public was not correctly informed about the situation of the real estate market and hence of the whole Spanish economic situation.

■ 3. Outcome of the analysis

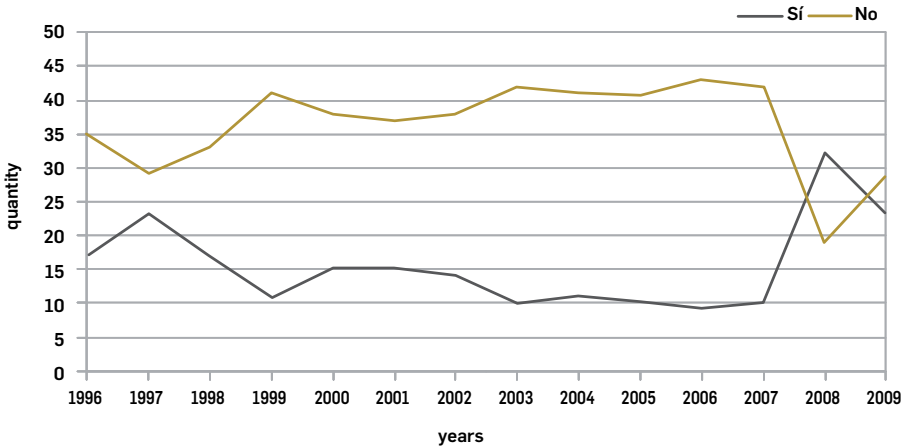
In the 1317 Sunday cover pages analyzed in the Spanish newspapers EL MUNDO and EL PAIS just 376 of the about 5000 articles published had to do with economy, which

shows that economic subjects have had little importance in all these years on the cover pages despite the knowledge that the enormous economic boom would finish someday. In the case of EL PAIS the quantity of articles treating with business or economic matters increased a lot from the year 2007 onwards and even dominated in 2008 the cover pages, but then suddenly the interest drops again although the crisis is still going on.

■ **Figure 1. Is there a notion about economy in the Sunday cover pages of EL MUNDO from 1996 to 2009**



■ **Figure 2. Is there a notion about economy in the Sunday cover pages of EL PAIS from 1996 to 2009**



Despite the importance of speculation, corruption and enrichment of the Spanish society it is amazing that in these 13 years of analysis there is nearly no coverage about banks, companies or the real estate market (see Figures 3 and 4). Barely comprehensible is that the construction sector is not mentioned at all in the investigation period. Like it were completely independent of the economic growth and recession, even in the middle of the storm. It seems like the problems of the real estate sector were just

realized from 2007 onwards, when the crisis was already evident for anybody and there were no means left to stop it, but this is only the case for EL PAIS where throughout one year the interest of the newspaper in economy is bigger, in 2009 again topics like ETA, the Spanish basque terrorist organization, or political issues that clearly dominate the cover pages like is seen in the Figures 5, 6 and 7.

Figure 3. In the articles about economy in the Sunday cover pages which sectors are mentioned in EL PAIS from 1996 to 2009

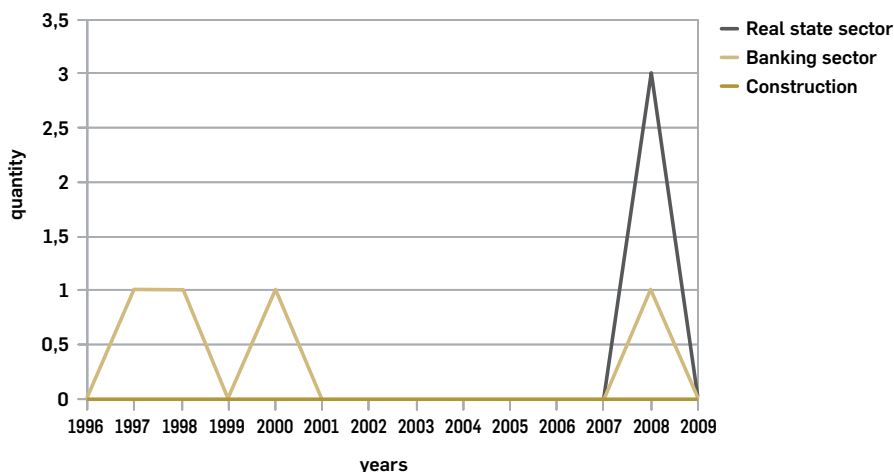
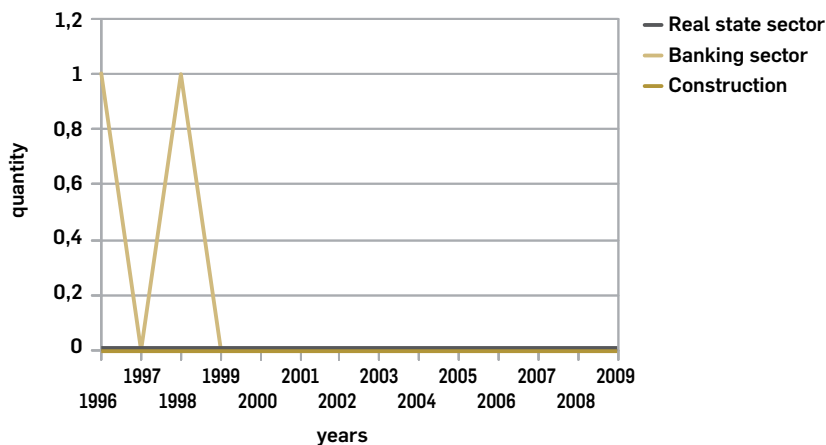


Figure 4. In the articles about economy in the Sunday cover pages which sectors are mentioned in EL MUNDO from 1996 to 2009

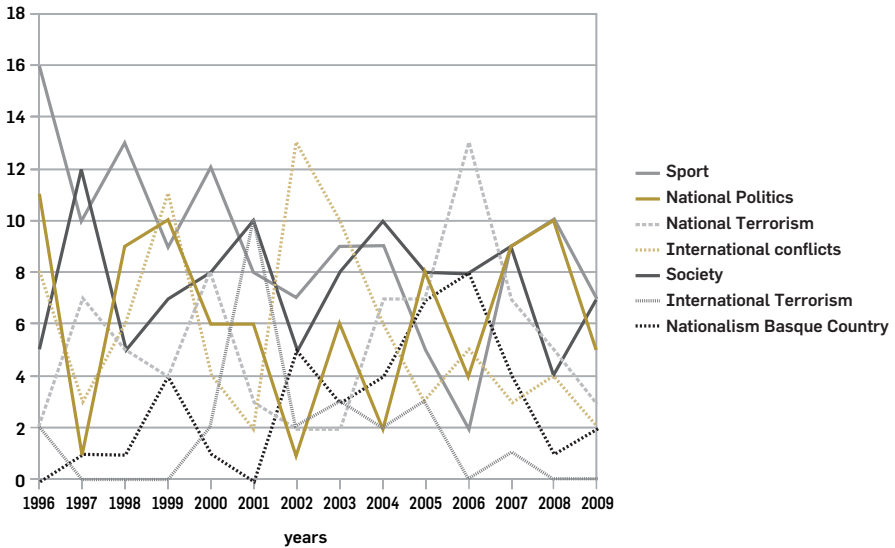


The lack of interest for economic matters is evident as well with regard to the photos published on the analyzed cover pages. Economy never plays any role in the images. The photos show mostly things or persons that have to do with international conflicts and with national terrorism.

■ **Figure 5.** What are the subjects of the photos published on the Sunday cover pages of EL PAIS from 1996-2009

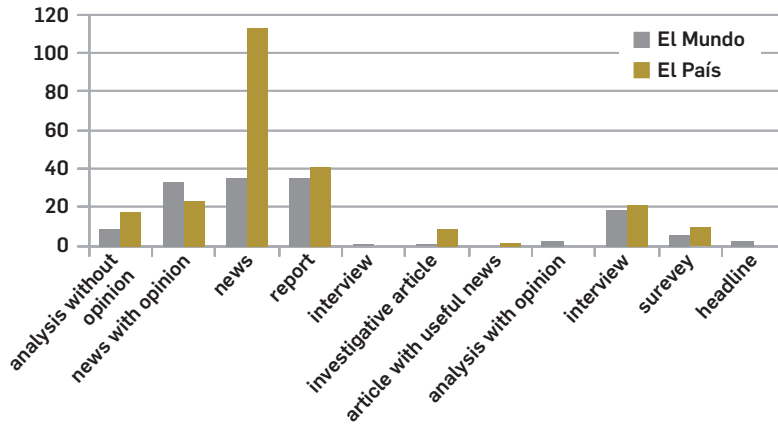


■ **Figure 6.** What are the subjects of the photos published on the Sunday cover pages of EL MUNDO from 1996-2009



It is striking that in EL MUNDO most articles include opinion while EL PAIS mostly publishes pure news. But the research has shown that also EL MUNDO tends to mix opinion with facts, while EL PAIS has left out a lot of information and therefore the newspapers also did not inform the public correctly.

Figure 7. What type of articles have been published on the Sunday cover pages of both newspapers from 1996-2009



Especially in Figure 8 one can see how terrorism and ETA become mayor issues after the bombing attacks in 2004 on the cover pages of EL MUNDO. But it is strange that even in the month of June 2007, when the “financial Tsunami” started all over the world, the economic situation is not in the focus. In the case of EL PAIS it is possible that the little information about banks and companies that was published in that time were also connected with the financial problems that the publishing company of the newspaper PRISA has lived. It is striking that not even in the summer of 2007 there is any notion about the BANCO SANTANDER which was involved in the bankruptcy of Lehman Brother’s.

Figure 8. Central theme of the articles that have been published on the Sunday cover pages of EL MUNDO from 1996-2009

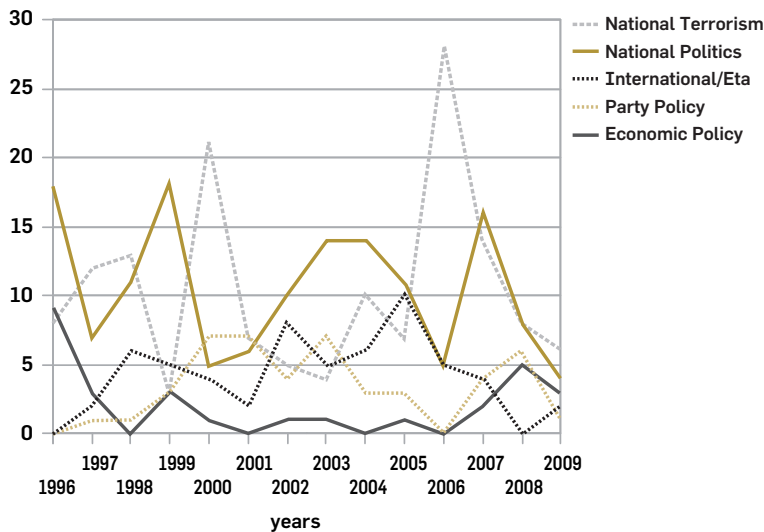
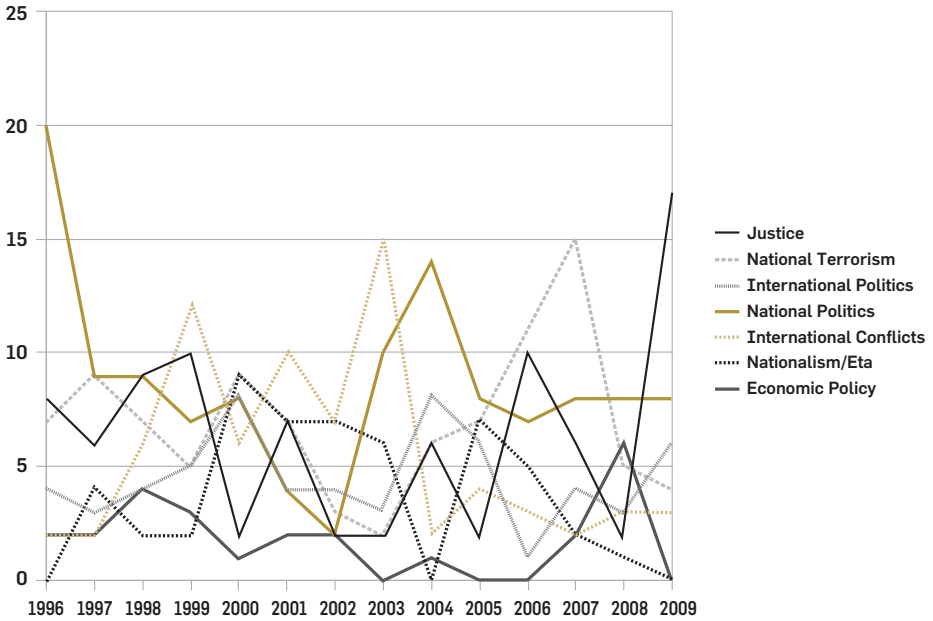
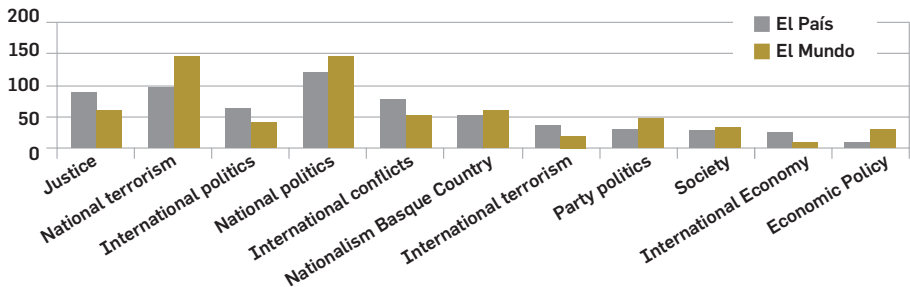


Figure 8. Central theme of the articles that have been published on the Sunday cover pages of EL PAIS 1996-2009



If you compare both newspapers it is noticeable that national politics and terrorism are more important for EL MUNDO than for EL PAIS, where international conflicts and terrorism as well as topics that have to do with justice are more important than in EL MUNDO. Economic Policy just gains interest from 2006 on what also has to do with the General elections in 2008.

Figure 9. Central theme of the articles that have been published on the Sunday cover pages in both newspapers from 1996 to 2009



■ 4. Conclusion

From 1996 to 2009 the whole Spanish society has betted on an easy life, supported by the media and Government. Banks, politicians, private investors and media built their illusions on an economic system that was based principally on speculation. Already in 2006 the Foreign Press warns that Spain is running big risks of strong crisis, but banks, companies and media go on advertising for cheap loans and credits. In June 2006 the now so much troubled saving banks and other financial institutions earned because of the big wish of the Spanish society to consume 40% more than in the same period of 2005 (see, ABC, 2009, p. 48).

Consulted representatives of the Spanish media sector have recognized in interviews that they have artificially prolonged the boom as an indirect order from the government or as well from the publishing companies that did not want to lose advertising revenues. Miguel Angel Mondelo, Director for Economic affairs of the Spanish State news agency Efe: “Just in 2008 we realized a bigger consciousness about the danger of a real estate bubble among the consulted experts and analysts. The majority of the people we talked to believed in a moderate slowing down of the prices. Suddenly a lot of companies had big financial problems which they tried to hide for a long time. In a few cases companies tried to influence us not to write about their real situation.”

This shows that the Spanish media depends as much on a well running economy as the rest of the society. Gonzalo Abril (2009) talks in his article about an “one show” run by the Spanish media and advertising sector in the same way and with the same interests: both players want maximum financial profit. Therefore the truth is not always convenient.

But it is also just fair to mention that these two analyzed newspapers responded with their non-economic coverage to a very low interest of the public for economic issues. Economy does not sell in the Spanish media business (see Diezhandino and Coca, 1997, p. 99. Although there are three economic papers and two economic radio stations in Spain, it is obvious that the general public is not interested in getting detailed economic information and that economic media is being used more like an instrument of manipulation (Ortega, 2006, p. 42).

And it also true that the strong dependence of Spanish media is not an isolated case. The intellectual Noam Chomski believes that press is never independent, no matter from which country: “The world is too complex for that” (see Alcover and Simón, 1998). But it is nonetheless important to be aware of it and in this case probably to prevent another bubble.

Therefore the author encourages young students of communication science to get into this subject of quality of media to make people aware of the spider net we are living in. Furthermore there is an obvious need in Spain for independent control institutions that somehow assure a certain quality of the media in their task to inform the public in the most objective way. But there is also an urgent need to continue analyzing these facts since there are nearly no papers or books about it. In general there is nearly nothing current published about the relations between the media sector and the economy and politics. The only significant works are the ones of Reig (2000 and 2004). There is also a lack of information about the current economic crisis in Spain and its origins. Only in 2009 the first books were published, although the crisis was going on for already two years.

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