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Public Broadcasting Service Under austerity:

Cross-comparison between Portugal and Spain

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Abstract:

Following the global financial crisis of 2007/08, five European countries called for external financial assistance. Austerity policies were implemented, but the extent to which the bailout deal impacted the Portuguese and Spanish public service broadcasters has not been yet thoroughly investigated. Both born in dictatorial regimes, these public services broadcasters in democratic contexts followed different solutions for governance and funding. This article investigates the changes produced in the Portuguese and Spanish public media under the austerity era, analysing the policy measures implemented, as well as the economic and ratings performance of both public service broadcasters. The aim is to assess if external factors (such as external assistance) originated similar effects in both countries. Results show that, in spite of different funding and governance models adopted, both public services were heavily impacted in

terms of revenues and ratings and that the austerity period provided the context to set up a neoliberal ideological point-of-view. Both public services lost legitimacy and their cultural and political role was undermined by a discussion that was grounded on economic factors alone.

Key-words: Public Service Media; funding; governance; license fee; ratings; programming; austerity.

Introduction

The financial external assistance to European countries in the context of the Eurozone crisis, which started in 2009, severely impacted the multiple public services of the bailed-out countries, such as Education and Health. Having its origin in the sovereign debt crisis, the solution presented by the international organizations which assisted the countries (such as International Monetary Fund, European Commission and European Central Bank) insisted in public expenses' cuts and State re-dimension (namely by imposing privatizations).

This austerity framework was bound to affect media systems, but the extent to which the bailout deal impacted the Portuguese and Spanish public services (respectively RTP and RTVE) has not been yet thoroughly investigated. The Eurozone crisis happened in a context in which European public service media face an ongoing battle for legitimization and redefinition, thus bringing new challenges to public policies concerning the provision of public audio-visual and media content. Portugal and Spain

share some common political and cultural traits, which have been somehow reflected in the media systems (Hallin and Mancini, 2004). Both countries, forming the Iberian Peninsula, faced the demise of dictatorships in the 1970s' and initiated a democratization process that has led to different contextual options in terms of the media system. However, high similarities induced by the globalized de-regulation and European integration can still be identified in parts of the system, such as in the radio sector (Arboledas and Bonet, 2013), which raises important questions on the impact of external factors in promoting convergent scenarios.

This article investigates the changes produced in the Portuguese and Spanish public broadcasters analysing the policy measures taken in the austerity period in terms of its organizational architecture, namely in two critical axis: governance and funding models. The impact on audience ratings is also assessed and the individual findings for each country are then discussed with a comparative approach that aims at analysing if, among the different paths followed, common trends can be identified.

PSM under continuous criticism

The functions and roles of what is called today Public Service Media (PSM) have been a matter of normative argumentation, but they have also become a political ground for ideological dispute on the need to promote a social responsibility approach or to leave media system handed over to a free market principle. Although a prevalent reality in Europe, PSM faces an eroding support which can be explained by the growing (and sometimes very successful) commercial competition. This has led to the consequent sacrifice of public service distinctiveness in order to meet satisfactory audience ratings, to secure talent and content rights, as well as political support and financial resources

(d'Haenens et al., 2010; Steemers, 2003). Other reasons for the PSM' 'crisis' have been identified in the general change of society, namely in the growing trends of individualisation and fragmentation.

Globalization, convergence and neoliberal sentiments challenge PSM on a daily basis (Jakubowicz, 2010). Thus, although some national PSM may be presented as cases of some success, many others struggle hard with their institutional status regarding the State and other endure lack of funding stability and provision, while all are challenged by the dynamic changes and convergence of mediascape. A structural vector remains in the rationale for a PSM: the need to offer citizens some media provision that serves primarily the public interest and not only commercial pursuits. The idea is that the media sector must also be served with organizations free of undue commercial imperatives and political manipulation (McQuail, 2010). In the face of the digital transformation of media systems, PSM still plays a pivotal role to maintain quality programme standards, to counterweight powerful private media and to promote national and societal cultural identities (Jakubowicz, 2010).

These theoretical grounds have not, however, always been reflected in the real functioning of public broadcasting. For the Southern countries of Europe, the idiosyncratic culture is bound to the idea of governmental interference, which has undermined the credibility and independence of PSM (Hallin and Papathanassopoulos, 2002; Hanretty, 2009). But also in other parts of Europe, such as the Scandinavian countries, where high standards of quality and independence are seen as intrinsic to the system, questions of political interference have been raised (Larsen, 2016). State control is thus a problematic issue, with governmental administrative board nomination raising concerns over the possibility of some indirect political control being exercised.

The distinctiveness of PSM has also been under criticism, given the growing commercialization of the broadcasting operations (Bardoel and D’Haenens, 2008; Blumler, 1993), with public service broadcasters being accused of weakening their remit to grow audience share. Therefore, argues Tambini (2015: 44), “while the audience and revenue for public service channels might be holding up rather well, the remit of those channels is increasingly contested, in part because of political pressure, but more fundamentally because the increase in channel choice empowers audiences”. The question of why PSM are needed for and if there is still a social need regarding broadcasting and media services (Jakubowicz, 2010; Raboy, 1996) is recurrently presented. The market-liberal discourse is grounded on the idea that PSM are no longer needed as they have become outdated.

Thus, under several recurring waves of criticism, PSM have been struggling to maintain relevance in the current media ecology and in political discourses. The debate has been heightened in the recent years by the deteriorating State of public finances (Lowe and Berg, 2013), especially in countries where external financial aid was called for in the wake of the 2007/08 global financial crisis and subsequent Euro-zone crisis.

The Euro-crisis and PSM (Other PSM under austerity: Greece, Cyprus, Ireland)

Following the global financial crisis of 2007/08, five European countries endured financial difficulties leading to an “Euro-crisis”, which resulted in a call for external financial assistance. Greece, Portugal, Ireland, Cyprus and Spain were granted bailout deals by a so-called ‘Troika’ of international financial institutions (European Central Bank, European Commission and International Monetary Fund). In return, they committed to implement drastic ‘adjustment programmes’, which implied cuts in wages

in the public sector, cuts in welfare expenditures and tax increases. In all national systems, the funding system for public media was inevitably a critical issue and changes were either foreseen or effectively implemented.

A rescue loan was first offered to Greece in May 2010, under tough conditions, to cover its sovereign debt, but, as the ‘Euro-crisis’ spread, the EU was obliged to repeat the strategy with other member-States. With each loan, came a memorandum detailing the conditions to be met, which fulfilment was monitored by a team of ‘Troika’ officials. A single bailout was issued for Portugal, Spain, Cyprus and Ireland, but, in the midst of a severe political crisis, Greece received a second bailout, in March 2012, involving a major ‘haircut’ on foreign private creditors.

The cuts imposed to the welfare sector impacted public service media in all the countries that were bailed out. The PSM most critically affected was the Greek ERT-Hellenic Broadcasting Corporation, which was closed down by the Government in June 2013 under the rationale that public broadcaster was inefficient and overstaffed. While some of the claims may have been verifiable, such as the lack of clear public interests purposes in programming and wastefulness, this decision was taken without consultation and divided public opinion (Iosifidis and Katsirea, 2014).

In Ireland, the funding mechanisms had been under debate and, in the period of the bailout deal, the Programme for Government of the elected government (2011) assumed the need to consider alternative methods of collecting payment for PSM. A proposed new charge, presented in 2013, was however abandoned. The economic crisis led, in the meanwhile, to a 35% drop in advertising, associated with an 11% reduction in licence fee income between 2008 and 2015 – a critical combination for a PSM that still lacks “a framework of stable and sustainable funding, favourable regulatory conditions and political support” (Ramsey, 2018).

The Cypriot PSM, with a dual-funding model (government subsidy and advertising income), also faced a wave of criticism following the bailout deal of March 2013. With the advertising sector breaking down, the public media has been increasingly contested in the public sphere. Being involved in the wave of cost-cutting reforms imposed by the ‘Troika’, the public broadcaster was confronted with demands of more effectiveness and changes in the funding model (Nicoli, 2014).

Methodology

Considering the cultural and political relationships and proximities between Portugal and Spain, as well as the fact that both countries received international financial assistance following the economic and financial crisis of 2007/08, the purpose of this article is to comparatively assess the impact of this external aid on the public media service. Changes in the funding and governance models in each public media service were evaluated in order to examine if this external pressure resulted in similar or divergent trends. The period under analysis is 2010-2015, which includes the years of external assistance, as well as the previous one (for Portugal) and the following one (for both countries). The impact produced in terms of revenues and the following adjustments in costs was assessed, as well as the subsequent impact on audience ratings.

The methodology used is document analysis, namely of the annual reports of the public enterprises RTP and RTVE, ratings and legislation. In each annual report, the presentation (charts and discourses) of revenues, costs and debts was examined. The dispersed secondary data that was collected (such as revenues, costs and ratings) was then assembled into charts to allow for a systematic analysis of the temporal evolution.

Even though the data pre-existed this study, it did not allow for any kind of query as it was not presented in relation to a framework of austerity.

Legislation (including the report of the working group appointed by the Portuguese minister) was analysed to assess the changes introduced vis-à-vis the current framework. A qualitative analysis of news article and discourses at the Parliament, regarding public interventions of the public officials responsible for media affairs in the period in both countries, was also performed. Search was conducted in online sites of newsmedia (such as newspapers and television sites) for the terms ‘public broadcasting service’ and its respective name in each country (‘RTP’ and ‘RTVE’), name of responsible official, ‘public service’, ‘public television’ and ‘public radio’. The site of the national parliament, namely the transcriptions of ministerial hearings, was also searched for the name of the minister and for the term public broadcasting service.

It should be noted that the approach for this analysis considers overt acts of regulation and discourses, but also unveils the silences in the governance of PSM (Freedman, 2010), namely the non-decision making practices and the issues of PSM that were overlooked in the period.

PSM in Portugal and Spain – a brief history

Why comparing Portugal and Spain

Being part of the same peninsula, the countries are close neighbours sharing important flows of people and goods, with deep cultural similarities. Although they are very different in terms of size (Portugal has approximately 10 million inhabitants and Spain has 40 million) and in terms of its administrative organization (while Portugal remains a centralized republic, Spain has 17 autonomous regions), both countries have been

economically and politically close. Spain and Portugal joined the European Economic Community at the same time, which thus became the ‘Europe of the Twelve’. Their history has many points of contact, which explains similar media experiences. Both are, for instance, considered to be a part of the polarized-pluralist model of media systems (Hallin and Mancini, 2004), along with Italy and Greece. Both countries created their public television at the same year (1956), under a dictatorial regime, and have dealt with problems of political independence ever since. However, both countries have had different funding systems and governance models for the public service media and have a different provision of outlets.

Portugal. Born as Emissora Nacional in 1935, the Portuguese public broadcaster launched its first television channel in 1956, under a dictatorial regime, and was kept under close control during this period. The Carnation Revolution, in April 1974, and the following months (called the “revolutionary period in course”) did not set the public broadcaster free from political control. On the contrary, in those agitated times, all media were instrumentalized by the different political forces until political stability and regular democratic functioning were achieved in the late 70’s. However, public television, for the decades to come, was still to be considered a State television, more than a public service one, and impartiality was not a value to be pursued (Sousa and Santos, 2003). The major challenge to public broadcasting arrived with the liberalization of media markets, promoted by the centre-right government, and the entry, in 1992, of new players in the television sector. As a result of the break-up of RTP’s monopoly, Portuguese people were offered four national free-to-air TV channels: two public service channels (RTP 1 and RTP 2) and two commercial channels (SIC and TVI). Public television was also offering two regional channels (one to The Azores and another one to Madeira) and international channels (RTP International and RTP África).

From 1999 on, RTP and other media groups started producing content and running thematic cable channels. RTP offered a 24-hour news service and a channel with old programmes, which, in December 2016, were made available at the TDT platform as free-to-air channels.

Liberalization hit hard the public broadcaster, which started to lose the leadership of prime time TV viewing in Portugal just three years after new commercial channel (SIC) started to broadcast. Another problem was the financial situation of the public enterprise, which lost in 1992 the license fee and saw its advertising time reduced. As a result, it depended heavily on the direct State aids and on financialization. Instability was frequent in the following decade and the possible privatization of one the channels was a recurrent argument in right-wing political discourse. The license fee was reintroduced in 2005, but commercial advertising continued to be limited to 6 minutes per hour (half the time permitted to commercial channels) in the first channel and prohibited in the second channel. In 2011, RTP launched an online service (RTP-play) and has been working on the provision of some historical audio-visual archives through streaming.

Spain. The Spanish public radio broadcaster (Radio Nacional de España) was created in 1937 during the Spanish Civil War (1936-39); and the Spanish public television broadcaster (Televisión Española) was created in 1956 under a dictatorial regime. Both public services were set up as State monopolies under the 1908 Act providing the framework for telegraphy services. The consequences of this political and administrative conception were decisive because an administrative concession was required to set up any television or radio service (Sinova, 1995), thus leading to the politicization of those media. According to Faus Belau (2007: 165-166), this definition

was the source not only of personal, business, social and institutional conflicts, but also of outrage that silenced some while giving voice to others through concessions for broadcasting stations. The author has further asserted that it gave rise to the politicization – forced, on occasions – of professionals, broadcasters and companies which always culminated in the political manipulation thereof and, consequently, in the manipulation of public opinion. It simultaneously curbed freedom of expression and entrepreneurship.

Until 2010, State had the monopoly of television operations, with private players acting only by concession of the State. Neither the liberalising consequences of the democratic regime established by the Spanish Constitution of 1978 nor accession to the European Economic Community in 1986 managed to effect any earlier change in that situation.

Act 4/1980, of 10 January, on the Radio and Television Statute, adapted radio and television broadcasting inherited from the Francoist regime to the new democratic regime. The biggest problems stemming from the Statute were dependence on the Government and the funding system. As provided for in the Statute, direct State aid and advertising income were the sources of funding, as Spain never implemented the receiver licence fee. Direct State aid started being withdrawn in 1984 because advertising income was sufficient to fund a public television broadcaster that did not have any competitors. However, that situation changed in 1990, when private television operators came onto the scene. As noted by Fernández Alonso (2008), RTVE systematically resorted to borrowing thanks to the unlimited guarantee provided by the State. In 2003, the EU's competition authorities warned Spain that the guarantee exceeded the net costs of the service provided and, therefore, the situation could not

continue. Despite that, the cumulative debt of the Spanish public broadcasting corporation (Radio Televisión Española - RTVE) exceeded €7.5 billion.

The necessary and urgent reform came in the guise of Act 17/2006, of 5 June, on State-owned radio and television. Fernández Alonso et al. (2017: 111) have noted that RTVE reached an agreement with the Government and trade unions to implement a financial clean-up plan, which the Executive had demanded as a condition for assuming the public body's historic debt. According to the same authors, the plan foresaw a 40% reduction in the workforce (it put the number of surplus workers at 4,150).

Regarding content offerings, the Spanish public television broadcaster (Televisión Española - TVE) started with a generalist channel (*La 1*) and then, in 1966, launched a culture- and sport-oriented second channel (*La 2*). This situation remained unchanged until 2005, when digital terrestrial television (DTT) began to be rolled out. It was in that year that TVE started broadcasting the *24 horas* (continuous news), *Clan* (children's) and *Teledaporte* (sports) channels. Internationally, TVE has broadcast the *TVE Internacional* channel since 1989, and *Star TVE* for Latin America since 2016.

Iberian Public Service Media in austerity times

Portugal under the troika

'Troika' arrived to Portugal on the 17th of May 2011 (leaving three years later) and imposed, as elsewhere, severe cuts in public expenditures and reforms in all public sectors. The public service media was not exempted from this process, but the debate over the Portuguese PSM exceeded the mere imposition of cuts over expenses.

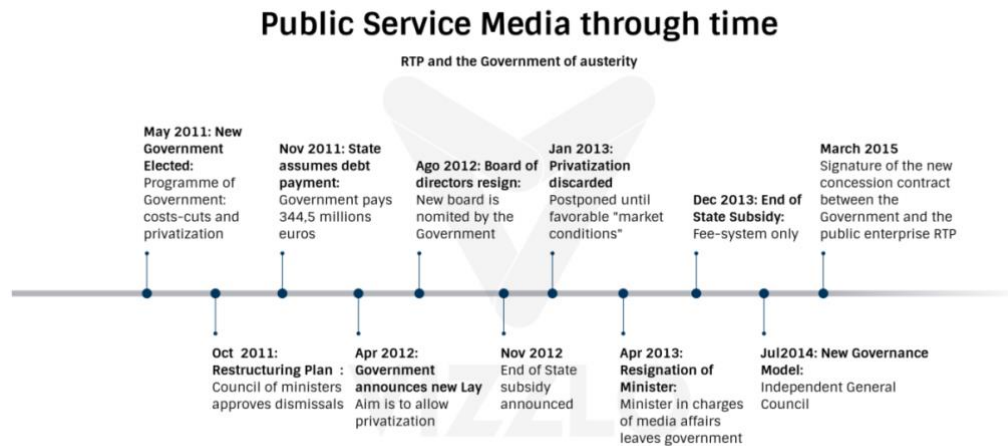


Figure 1. Timeline of governmental acts concerning PSM (own elaboration)

Political discourse about PSM (Privatization and rationalization of resources).

Following the request for international financial aid in 2011, the prime-minister of Portugal, José Sócrates (of the Socialist Party), resigned and legislative elections were called. With a Programme for Government advocating the privatization of one channel of public broadcasting service, a coalition between the Social-Democrat Party and the Conservative Party won the elections. A 26-months period of destabilization and uncertainty followed for Portuguese PSM. In public interventions, the minister for Media Affairs, Miguel Relvas, consistently portrayed the Portuguese service media as inefficient, wasteful and overstaffed. For more than eighteen months, he argued for the need to privatize one of the channels, to reduce the money spent by the public enterprise and to end the State direct aid. In that period also, the enterprise was prepared for a possible buyout and to look more attractive for possible buyers: staff was reduced and the debt almost paid for.

The first measure of the minister was to constitute a working group to “define public service media”, integrating scholars (of Media Studies and Public

Administration) and media professionals. Not long after, members more prone to defend a more traditional public service media model left, in disagreement with was the outcome of the report: a recommendation of ‘rationalization’, the shutting down of channels and the promotion of the de-institutionalization of PSM. Although the aim of the working group was to define PSM, the recommendations (Duque, 2011) were not on how to fulfil public interest in terms of remit, programming and content, but rather on how to organize the Portuguese public service media in terms of number of channels and on the need for a new contractual approach to the delivery of PSB, calling in private players. A prevailing concern of the document was the interests of the private media market players, namely the possible unfair competition that PSM could represent (thus defending, for instance, the end of commercial advertising in PSM). The report advocated for the closing down of six of the TV public broadcasting channels (free-to-air and cable), the end of the radio programming service dedicated to commercial music and young audiences, and it was stated in the report that the media regulation agency (which is an independent administrative body not related with the public service) should be extinct, clearly exceeding its remit. The report perfectly fit the intentions of the minister for Media Affairs and in the following months he repeatedly said that one of the free-to-air PSB media would be privatized (the question remaining on which one) and the political buzz around the issue eventually led to the RTP board of administration resigning.

The uncertainty regarding the future of the PSM ended only in January 2013 when the Government announced that it would postpone the privatization of one broadcasting channel until more favourable market conditions were in place. Meanwhile, the funding model of the RTP was established on a dual basis: the fee paid by citizens in the electricity bill (an annual amount of 36,25 euros per household

in 2018) and commercial advertising. The direct State aid was announced to be over by the end of 2013. In April 2013, Miguel Relvas resigned from the Government following a scandal regarding his degree obtained in a private university. The new minister responsible for the media affairs, Poaires Maduro (a scholar from the European Institute University, in Florence), set his priorities in the governance model of RTP and in guaranteeing independence to the public body.

Governance model. The concerns over the politicization of the Portuguese PSM and over the lack of its independence vis-à-vis the governmental structures have been recurrent in the history of the public broadcaster, which never ceased to be seen as an instrument of political power (Lopes and Sousa, 2009; Sousa and Santos, 2003; Sousa and Silva, 2009). This condition of the public broadcaster has always been seen as a setback to its legitimation in the public sphere and frequently used by opponents to PSM as an argument for its dismissal.

The new minister of Media Affairs was Poaires Maduro, a scholar who had been a member of the High-Level Group on Media Freedom and Pluralism (which provided recommendations on limitations to media freedom arising from political interference and limitations to media independence). With this professional background, it should come with no surprise that the independence of the public broadcaster was the major concern of its mandate as minister, although no measure on that matter had been inscribed in the Programme for Government.

A new governance model for the PSM was presented six months after his taking office: the constitution of a General Independent Council (GIC), which would be responsible for the nomination of the board of administration of the public enterprise

and the establishment of global guidelines. The idea, Poiares Maduro said, was to “diminish the risk of RTP’ governmentalization and fight the permanent contamination of the political debate about the company, which constrains its own internal management” (Observador, 2014). The CGI has six members, two being appointed by the Government (under approval of the media regulation agency and of the parliament), two appointed by the RTP’ Opinion Council (a consultant body constituted by representatives of civil organizations) and the remaining two members being co-opted by the first four members.

With this new governance system decided, a new concession contract was signed in March 2015 between the Government and the public enterprise RTP, assuming this supervision model, as well as the dual funding model (license fees and advertising). Almost four years after the Troika arrived to Portugal, the RTP was finally given a defined framework to its activity and stable conditions to be able to make previsions in the short and medium term.

Funding model. The new funding model for the Portuguese PSM is constituted by the fees paid by households and by commercial revenues (from advertising and subscriptions of cable channels). The direct subsidies from the State, which had a more or less stable amount of about €120 million per year until 2010, ended in 2013, and from 2010 to 2011 they decreased at an accelerated rate. The license fees increased between 2010 to 2015, from €109,6 million to €168,3 million. But this increase is far from compensating the loss that resulted from the end of State subsidy: between 2010 and 2015, RTP lost 31% of its total revenues (Figure 2).

This loss also resulted from a decrease of 43% of the total commercial revenues (advertising and distribution in cable networks). Global advertising revenue was heavily reduced in Portugal due to the financial crisis: between 2007 and 2013 (the peak of the crisis), the overall budget for advertising in Portugal is estimated to have decreased between 46% (Falcão, 2017) and 42% (Cardoso et al., 2016). In 2014, the trend began to reverse but, by 2015, figures were still very far from the values of 2007. This situation hit the public broadcaster heavily: between 2010 and 2015, RTP lost 61% of its advertising revenue.

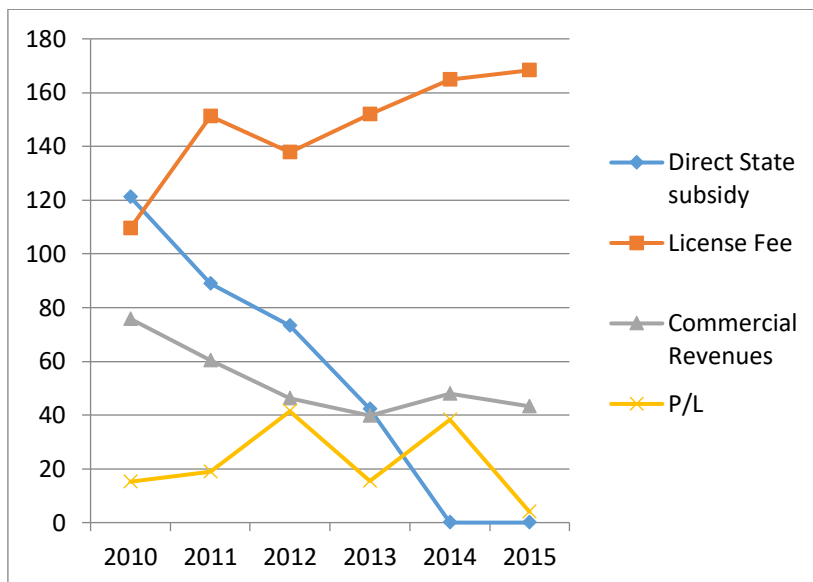


Figure 2. RTP revenues (Own elaboration with data retrieved from RTP's annual reports)

The Portuguese PSM has seen the profit of its operation oscillating: until 2013, it was positive due to the State subsidies and in 2014 it also benefited from the fact that the State had assumed the payment of a debt of €445 million. The financial situation of the public broadcaster thus suffered a positive impact, as displayed in Figure 3.

However, this State measure should be understood in the framework of a possible privatization and thus resulted from the need to 'clean up' the enterprise.

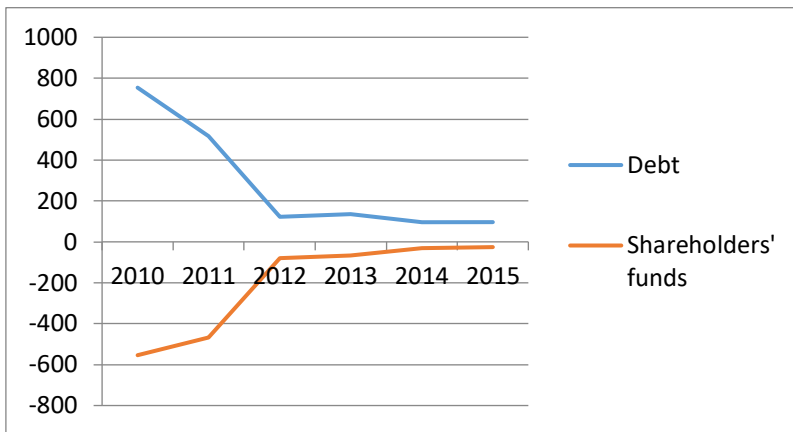


Figure 3. RTP financial situation (Own elaboration with data retrieved from RTP's annual reports)

The positive figures for RTP operations in the period of austerity (see figure 4) should also be read in the light of the adjustments to costs made by the administration. Between 2010 and 2015, RTP reduced its costs in 31,6%. The variable most impacted by this cut was human resources, with RTP cutting 34% of the budget for wages.

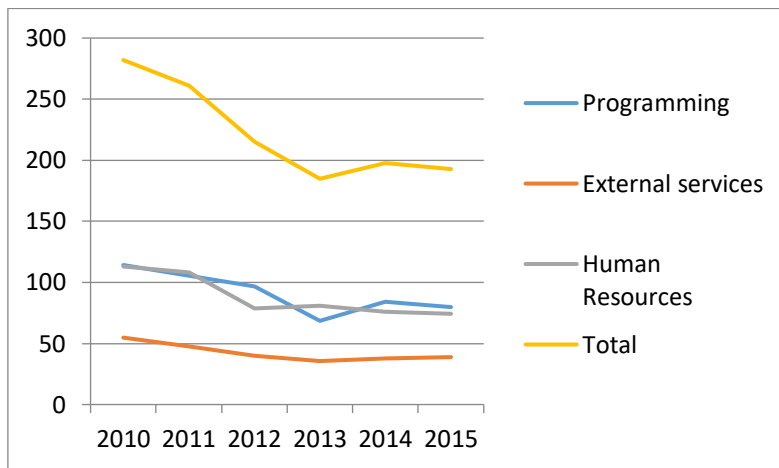


Figure 4. Costs of RTP (Own elaboration with data retrieved from RTP's annual reports)

Ratings. Ratings of the Portuguese public broadcaster also suffered a heavy loss in the period under analysis. In the prime-time period, RTP lost 40% of its audience (Figure 5). While it could be argued that this loss is due to changes in the audience behaviour,

namely due to the fragmentation of interests, it should be noted that the private broadcasters did not see their figures suffering such a dramatic downfall. On the other hand, RTP channels, which were second in terms of prime-time leadership (a position conquered in 2007, after six years falling behind both commercial channels), fell to the fourth place (behind both commercial channels and cable TV channels).

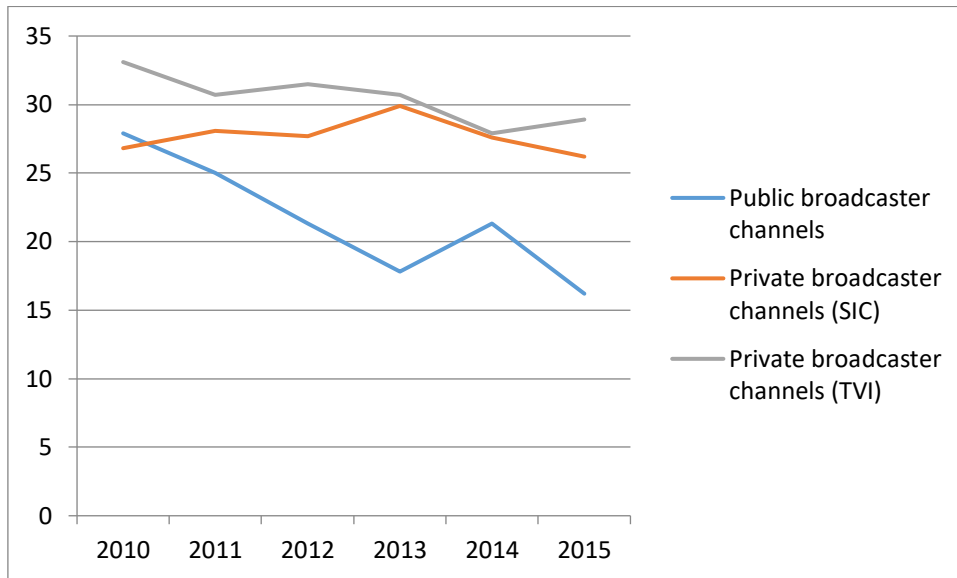


Figure 5. Broadcasting ratings for prime-time of Portuguese television (Own elaboration based on data retrieved from Cardoso et al., 2017)

What it also noteworthy is the fact that, prior to the austerity period, RTP channels was the ratings' leader in terms of the global share (Figure 6), a position it had regained five years prior to 2010, after more than a decade behind the commercial channels. Between 2010 and 2015, those channels lost 46% of their total audience and, consequently, also lost the leadership of TV viewing in Portugal. Again, private broadcasters did not experience such a fall.

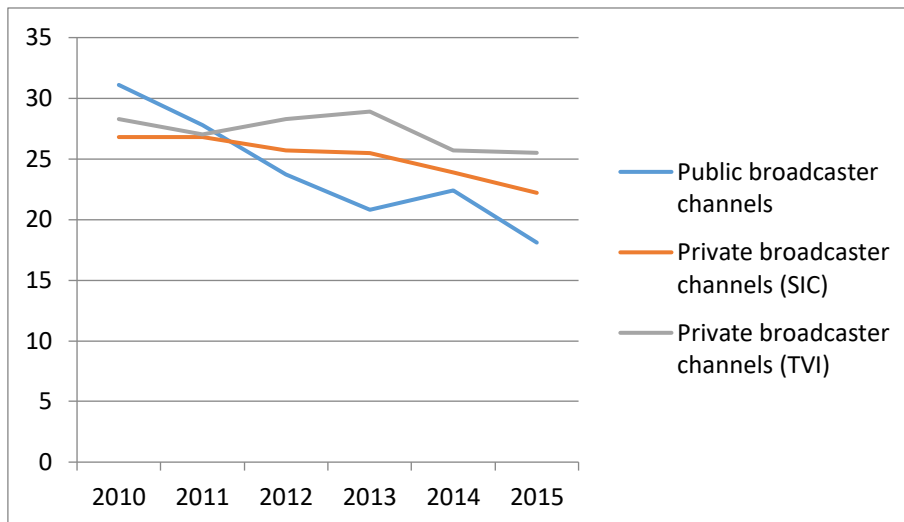


Figure 6. Portuguese television global share (Own elaboration with data retrieved from Cardoso et al., 2017)

Spain under the 'Troika'

Spain and the European Commission signed a Memorandum of Understanding on financial-sector policy conditionality on 20 June 2012. This Memorandum included a commitment to external financial assistance provided Spain undertook an exhaustive review of the quality of the banking sector's assets. Over an 18-month period, an EU and European Central Bank (ECB) delegation, in cooperation with the International Monetary Fund (IMF), the European Banking Authority (EBA) and the European Stability Mechanism (ESM), performed regular missions in Spain to supervise compliance with the financial assistance programme. The volume of public aid given was €41.33 billion, a considerably lower figure than the agreed amount (€100 billion) (Banco de España, 2017). Spain is now in the supervision phase following the programme, which will come to an end once it has returned 75% of the aid received to the ESM: nearly €31 billion (Roig, 2013). By May 2018, Spain had returned more than €17.6 billion (Expansión, 2018).

Political discourse on PSM. RTVE had already undergone a profound process of reform (Act 17/2006 and Act 8/2009) when Spain asked for its bank bailout. The PSM's governance and funding models had been established, but the economic crisis and the measures applied by the governing party (the conservative Partido Popular) underscored the weaknesses of those models. The Partido Popular won the general elections in November 2011 and Mariano Rajoy was appointed Prime Minister. The new Government announced that its plan for reform would be guided by austerity, transparency, responsibility and democratic regeneration. Two objectives were announced for RTVE: the appointment of a new board of administration and a reduction in the State contribution towards its funding. RTVE had been without a president since July 2011 (the appointments of the Ombudsman and of the Court of Auditors were also pending). The Government declared that, in certain cases, such replacements would be pending for some time, but that this was not exemplary and should not be allowed to happen again. Hence, the Government asserted that the appointment of replacements would become a priority task in that period (Gobierno de España. La Moncloa Official Website, 2012a).

Within the political context of austerity, the State's contribution to RTVE fell by €200 million. The Government justified this by saying that the commitment to budget cutbacks that it had announced ought to be a good time to increase efficiency in the management of PSM (Gobierno de España. La Moncloa Official Website, 2012a). The Minister of Treasury, Cristóbal Montoro, was very outspoken about the high salaries of TVE's directors (Europa Press, 2012) and about excessive spending on fiction series. Along the lines of public spending rationalisation set out by the Government, several months later – before the bank bailout – he stated that the cost of broadcasting one minute of any TVE series was what he needed to cover services that were much more

essential. In his view, they were leisure series designed for people to have a good time in front of the television, but that such prices could not be paid (El País, 2012).

Governance model. Over the years, Act 4/1980 was shown to encourage considerable government interference in the PSM because its Director General had almost complete executive power and was appointed directly by the Government (Fernández Alonso and Santana Cruz, 2000; Fernández Alonso, 2008). Act 17/2006, of 5 June, on State-owned radio and television, made a fundamental change by adopting a parliamentary model. RTVE's entire board of administration had to be appointed by a two-thirds majority of the Congress of Deputies and of the Senate. According to Fernández Alonso et al. (2017), between 2007 and 2012, the PSM had experienced the longest period of independence in its history. Those authors went on to assert that, in terms of its newscasts, TVE had regained audience share leadership by 2007 and had won the prestigious 2009 TV News Award for the second edition of the news as the world's best newscast. Likewise, it was the absolute audience share leader for the third consecutive year (with 14.5% of the share) (Fernández Alonso et. al, 2017: 106).

In 2012 (months before the bank bailout), the Spanish Council of Ministers approved a Royal Decree-Law that modified RTVE's administrative regime (Royal Decree-Law 15/2012, of 20 April). Three substantial changes were made (Gobierno de España. La Moncloa Official Website, 2012b). First, the method of appointing board of administration members was amended so that a two-thirds majority would not be necessary in either the Congress of Deputies or the Senate. Such a majority would still be necessary in the first round of voting but, 24 hours later, a second round of voting could be held. In the latter case, an absolute majority (half plus one) would suffice. Second, the number of board of administration members was reduced from 12 to 9. And

the obligation that two members had to be put forward by national trade unions with a presence in RTVE was removed. Third, the president would be the only board of administration member who would have fixed remuneration and full-time dedication. The rest of the board of administration members would only receive payments for their attendance at board sessions and would not be under an obligation of full-time dedication. Another important issue is the management model of the regional public service television broadcasters. Also in 2012, Act 6/2012 was passed, which allowed the regional governments to wholly privatise (which has yet not happened) or entirely outsource their audiovisual production.

The reform of RTVE's governance model via a Royal Decree-Law was both important and controversial. The Government justified the use of a Royal-Decree Law owing to the vacancy in the position of president coupled with the urgent need to take certain decisions that would be fundamental for the corporation. It claimed that, if it had not been used, there would have been a serious risk of not fulfilling the public service mission attributed to the RTVE corporation (Gobierno de España. La Moncloa Official Website, 2012b). However, the Spanish Constitution envisages the use of a Decree-Law for situations of extraordinary and urgent need: it is an exceptional measure that represents an encroachment upon the Legislature's power. The Council of Ministers effectively amends a law approved by the Parliament (Fernández Alonso et al., 2017: 106-107). In such cases, the Congress of Deputies has to ratify the Royal Decree-Law. Given that, in 2012, the Partido Popular had an absolute majority in that chamber, the ratification did not come up against any obstacles. RTVE's new president was chosen on 28 June 2012.

With this change, if the Government in power at any given time has an absolute majority in the Congress of Deputies, it can exert clear control over appointments to the

board of administration. One of the greatest achievements of the 2006 reform, that of putting the appointment of the board and control over the PSM in the hands of parliament, could therefore be lost. Since 2012, controversies about RTVE’s independence and neutrality have been constant. Albeit beyond the scope of this study, it should be noted that this RTVE governance model was again reformed in 2017 by Act 5/2017 in order to reinstate the independence of the RTVE corporation and pluralism in the parliamentary election of its members (Boletín Oficial des Estado, 2017). From the title of that Act alone, it is possible to get a sense of the situation that the parliament (in which the Partido Popular no longer had an absolute majority) had detected in the PMS.

Funding model. RTVE’s funding model has been in force since 2010, and is regulated by Act 8/2009, of 28 August, on the funding of the RTVE corporation. The most noteworthy aspect of this Act is that it definitively and immediately ended the State public television’s advertising income, setting new sources of income (figure 7), depending State contributions and on market operations.

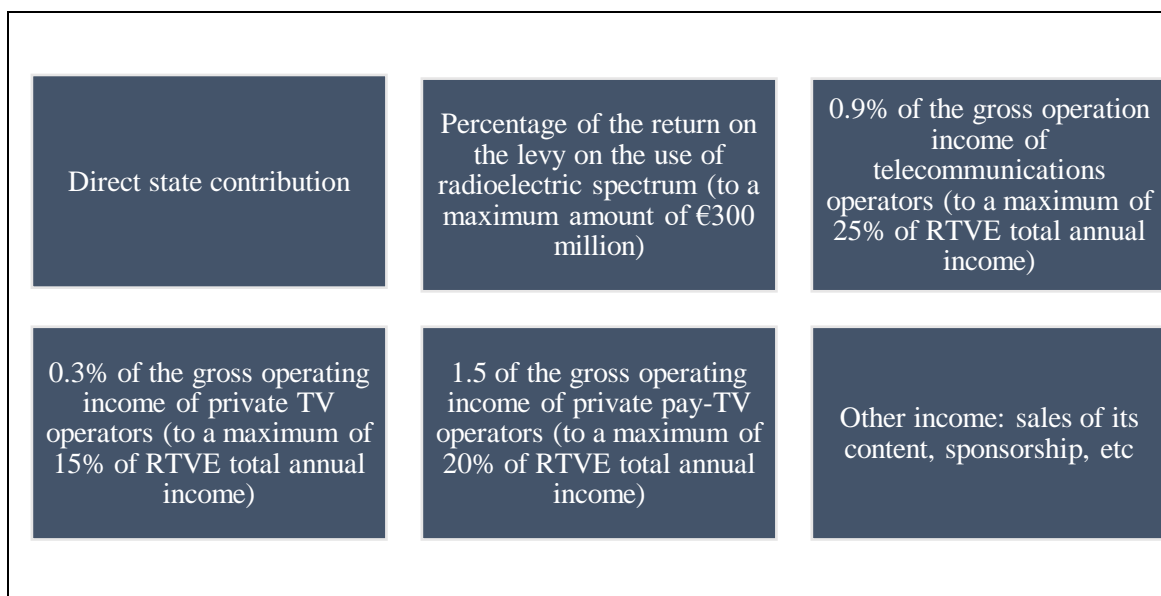


Figure 7. Sources of income for RTVE

In the period under analysis, the direct State contribution fell 48.6% between 2010 and 2015 (see Figure 8). The 2012 cutback was very significant and came in

response to the context of economic crisis and austerity measures. On the other hand, the contributions made by telecommunications and television operators were lower than expected because the advertising income of television operators fell 50% during the economic crisis. In addition, these operators used the strategy of taking advantage of the loopholes in the law and, through the courts, managed to get a substantial reduction in their contributions (Fernández Alonso et al., 2017: 114). RTVE has been receiving payment of these contributions with a delay of one year or more compared to what had been envisaged in its budget, and this has caused it to have cash flow problems.

This source of funding has never managed to compensate for the disappearance of advertising income (Bustamante and Corredor, 2012; Zallo, 2010). In 2009, the last year that commercials were broadcast on RTVE, advertising income was nearly €400 million. Between 2010 and 2015, the maximum amount received in contributions from telecommunications and television operators was €278.7 million.

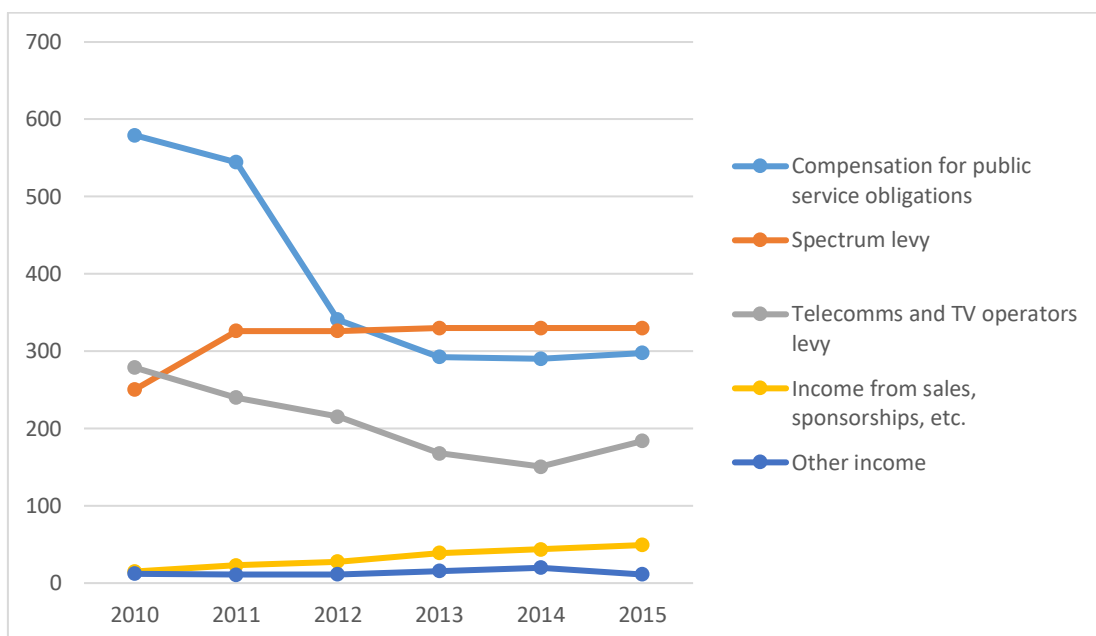


Figure 8. RTVE income (Own elaboration based on data retrieved from RTVE’s annual reports)

Evidence of the fact that this funding system has not succeed is that RTVE made a loss every year throughout the 2010-2015 period. The most critical year was 2014. RTVE began to feel the effects of three years of cutbacks in State aid and of the constant reduction in contributions made by telecommunications and television operators. As noted by Fernández Alonso et al. (2017: 118), in the middle of that year, the Government made an extraordinary contribution of €130 million and agreed to reduce RTVE's share capital by €388 million. However, it refused to make another contribution that RTVE considered necessary for it to be able to meet its commitments for that year. Consequently, RTVE's president resigned in September because he considered the situation unsustainable. Finally, across the period studied, RTVE made the biggest loss in 2014: more than €134 million.

Between 2010 and 2015, RTVE registered losses despite the considerable cost-cutting efforts that PSM had made during that period. Costs were cut by 17.9% in programming and by 34.9% in external services. However, staff costs were not cut because of the job stability agreements that had been signed by RTVE and its employees. It is worth recalling that RTVE's 2006 financial clean-up plan had led to a 40% reduction in the workforce prior to the economic crisis.

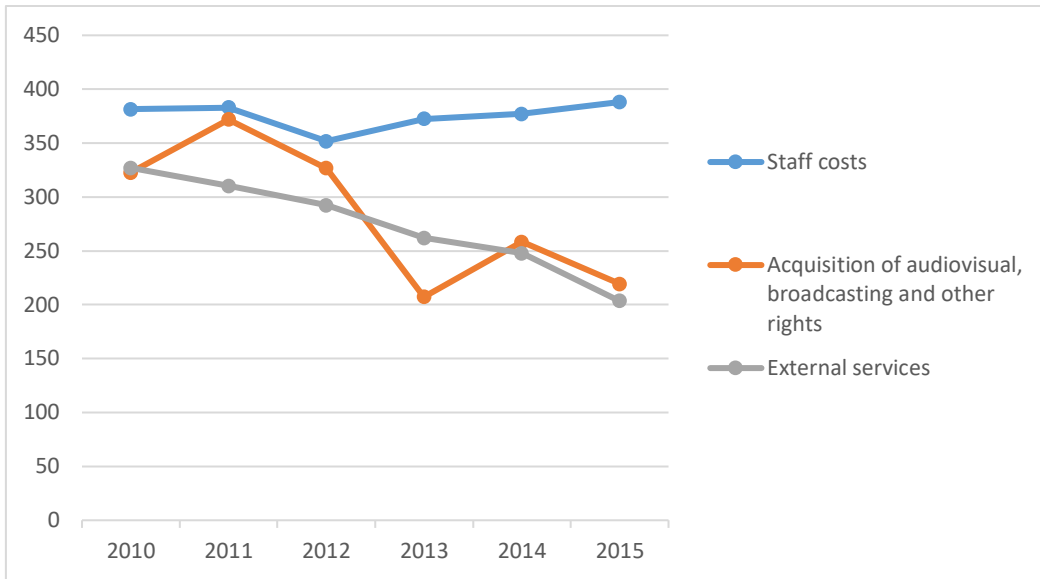


Figure 9. RTVE costs (Own elaboration based on data retrieved from RTVE's annual reports)

Ratings. Between 2010 and 2015, the cumulative audience share of TVE's channels slumped from 24.1% to 16.7% (see Figure 10). In addition, newscasts lost their audience share leadership in 2014 and 2015. Quintas-Froufe (2017) has noted that the audience share drop could be linked firstly to the lack of stability in the programme schedule, which hindered viewer loyalty and involvement, and secondly to budget cutbacks affecting most of the self-produced series. The loss of audience share leadership for newscasts was a clear sign of the citizens' lack of recognition and trust.

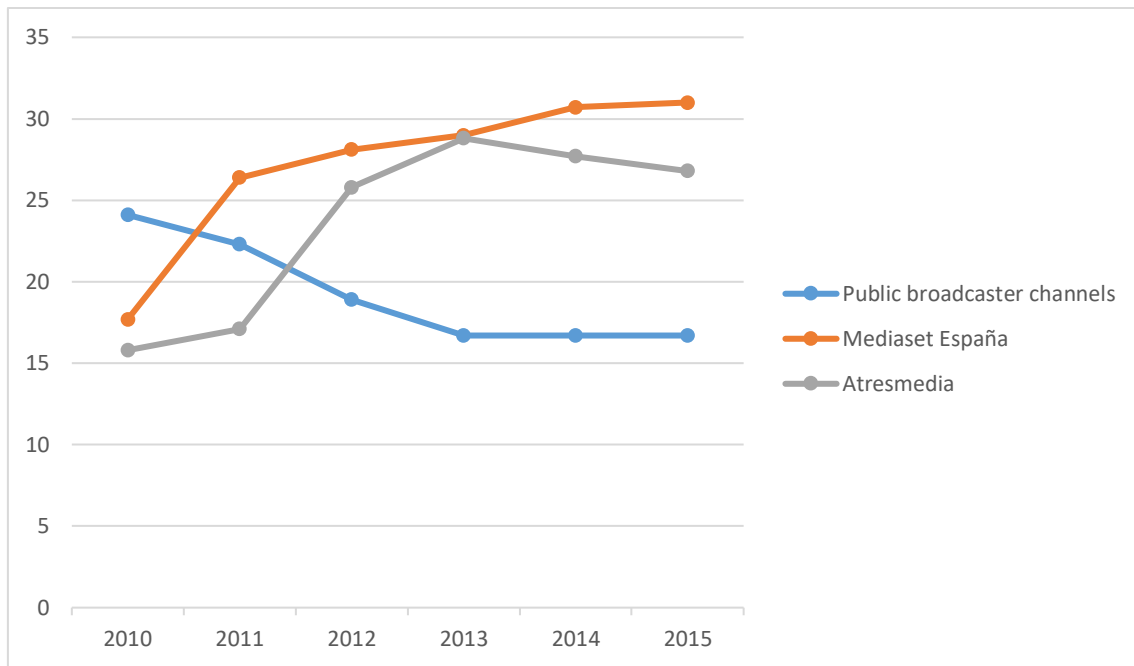


Figure 10. Spanish television global share (Own elaboration based on data retrieved from Barlovento Comunicación)

Discussion

At a first sight, it is possible to state that Portuguese and Spanish PSM have not experienced the consequences of the external aid in the same way and the changes identified did not take the same directions. For instance, the options for the funding model and for the governance of PSM were different for each country. While Spain maintained some direct State subsidy to fund the PSM (given that advertising was banned since 2010), Portugal has ended its politics of subsidy. And while Portugal created a governance model that formally withdraws the government from nominating the board of administration of RTP, Spain actually reinforced the position of the Government in the nomination of the board of TVE. Moreover, the debate over the relevance and the possible dismissal of a public media service has been fiercer in

Portugal than in Spain. Would this then mean that both countries have taken divergent paths in what concerns PSM during the adjustment period triggered by the external aid?

A deeper analysis that takes into account a more comprehensive picture of both countries does, however, reveal some common features in both PSM's evolution during the period. Convergent trends between both countries can be identified as follows:

- a) In both, direct subsidies were under “attack” and have been either finished or significantly reduced. These changes in the funding model resulted in important diminishing revenues, which forced cuts in the service provided; in Portugal, it meant dismissals in the work force and in Spain it also meant that the PSM experienced losses in its annual operations ; in both countries, there were significant cuts in programming expenses and external services.
- b) In both, the image of the PSM portrayed by politicians was one of a wasteful and expensive service, as they stressed the need to inject ‘efficiency’ in the enterprises responsible for delivering the public service.
- c) In both countries, although it did not consubstantiated in any actual process of public alienation, privatization was discussed in what concerns public television – in Portugal, related to one of the national television channels, and in Spain, related to regional public service television broadcasters.
- d) In both, public service audience ratings suffered heavily during the period; in a period of economic restrains and political contention, the legitimacy of the public media service was undermined and this was reflected in the loss of viewership; in both countries, prior to the external aid television global share was led by the public service media, but this position was lost during the external aid.

What is also evident in the analysis of the period is the policy silence (Freedman, 2010) concerning the Portuguese and Spanish public service's remit, and its obligations concerning political and cultural content. Even when there was a working group commissioned to study the public service remit (in the Portuguese case), the output turned out to be an organizational plan to restructure the public enterprise and its channels, and not a definition of its role as a social, cultural and political content provider. There was little or none public discourse on the type and scope of programming, content and news information that public service should broadcast. Cuts in programming were made in order to match the percentage of revenues and losses – a 'blind' cut thus (like any other commercial firm would do), regardless of its remit to provide quality content.

In 2012, the Council of Europe approved a recommendation to Member-States on public service media governance (CoE, CM/Rec(2012)1)), advising them to include provisions in their regulation for the remit of public service media to enable a "broader democratic, social and cultural participation, *inter alia*, with the help of new interactive technologies". This document did not receive any relevant political attention in Portugal or Spain. In a time of new digital challenges, politicians in charge did not show significant concern over the transformation this would imply on public service provisions. Nor there was any kind of public position on the distinctive role of public service media in the consolidation of the Portuguese and Spanish language, through their international programming, especially concerning Latin America where there is no tradition of public service.

Lacking other perspectives from public discourses concerning public service, citizens' attention was monopolized by issues of financial and economic efficiency and, later (in the Portuguese case), independence from Government. There were no other

images of the public service circulating in the public sphere, which shows the importance of politicians in shaping public perception of PSM. Clearly, this also served the interest of private groups, which benefited (as seen by audience figures) from this de-legitimizing discourse over public service.

The public service media was hence considered to be a taxpayer problem, not a citizenry issue. It was mostly framed as a service which should prove value for money and not as a service to prove value to democracy. Public service was not seen as a citizens' right but a burden to taxpayers that should be alleviated – it was never a right, but always a duty. And in countries where citizens were already overcharged with duties towards public debt, high tax increases and cuts in health and education systems, this kind of framing just led people to discuss the relevance of maintaining what was supposed to be a fat and hungry machine that did not produce anything useful.

So, although being a matter of normative values and interests in behalf of the citizens, much of the dispute over PSM is framed by economic and financial considerations (Lowe and Berg, 2013: 78). This is clearly what happened in Portugal and Spain. With the need to impose cuts in the background, what we have witnessed is the establishment of a different vision of what a PSM should be: the idea of a more minimalist PSM, one that could not endanger the private media market, one that has been too costly to taxpayers and that needs to be resourceful and efficient. Thus, the austerity period and of economic contention was an ideal context to set up a neoliberal ideological point-of-view regarding the public service media both in Portugal and Spain. In Portugal, this was clear in the political discourse and in the advocating for privatization. In Spain, this happened by making the public service dependable of market revenues.

Furthermore, although we can observe formal measures that seem to point out to divergent positions assumed by each country, both PSM experienced high instability in the period, caused by politicians and by their public discourses and/or actions. This shows that, in spite of the measures taken in relation to formal independence (either financial or editorial), governments do maintain mechanisms of pressure over the PSM operators, which negatively impacts the perceived image of editorial and programming independence.

At the end, in both countries, the provision of PSM in terms of traditional channels did not suffer any substantial change, but its image and its influential scope has been impaired. Legitimacy is also built in the public sphere and the number of news articles and discussion regarding the PSM in both countries has been anything but fair and balanced, always stressing over-costs and poor management strategies and never its positive impact for society. This also happened because numbers are easy to sort and the real impact of PSM in political and cultural democracy is not easily quantified nor has it been the subject of a thorough investigation.

Conclusion

The Eurozone crisis and the following adjustment programmes pressured heavily the Public Service Media of the bailed out countries. Demands for efficiency and a reduction in funding and revenues were common to all countries affected. Public services media in Portugal and Spain exit the austerity era still enduring old fragilities, such as their long lasting difficulty in guaranteeing financial and economic sustainability. Additionally, they are now facing new challenges: diminishing incomes and poor public support, and more importantly, less legitimacy.

Less income means that PSM broadcasters had fewer options to fight for quality contents, to provide better news services and to position themselves as distinctive providers of audiovisual offers. Thus, in face of commercial competition, public service operators had fewer opportunities to assume their mission in setting quality standards. Their role in promoting cultural identities was also weakened. Consequently, audience turned to other options in the audiovisual panorama.

Political discourse also contributed to the idea that the public service media is not an essential asset in political and cultural democracies. By stressing matters of efficiency and rationality in resources management, public officials set the discourse at the economic and financial level only, leaving aside other important elements of the equation, such as content provision (entertainment and news) that do not obey to commercial and market imperatives only.

At the end, the legitimacy and '*raison d'être*' of public service was undermined. By emptying the discussion over the public service media of these structural vectors, the very concept of public service was somehow drained. Portuguese and Spanish public service media have thus experienced a sort of dismantling, in which money and words were the strings pulling down the pieces.

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