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The role of the media in promoting evidence-based policies

“Líderes/La Información” Awards Ceremony

Pablo Hernández de Cos

Governor

Good afternoon.

I would like to begin by thanking *La Información* for kindly inviting me to take part in the fourth “Líderes” Awards ceremony. It gives me the opportunity to join in the general acknowledgement of today's award winners: Jose Ignacio Goirigolzarri, chairman of CaixaBank; Joel Balagué, founder and CEO of Volava, and Lucía Comenge, chair of the PRIM group. Congratulations to all three for their achievements, so rightly acknowledged by this award.

At a similar event a few weeks ago, at which the Banco de España received the *Gran Cruz al Mérito en el Servicio de Economía* (Grand Cross of Merit in Service to the Economy), I spoke of the importance of integrating long-term considerations into decision-making on public policies. Allow me to briefly recap some of the ideas I presented there, but now focusing on the role that the media can and should play in pursuing this objective. An event like this, organised by a media outlet to bring us together to honour certain individuals who “through their daily work, ethical and sustainable approach and their contribution to society, have become a model to be followed”, is a good opportunity to invoke that role.

In that speech, I argued for the need to include long-term considerations in decision-making as essential to the idea of progress that the public authorities should pursue. In economic policy, this should be articulated through the definition and implementation of measures that foster prosperity and opportunities for all citizens, both present and future.

Institutional quality is a factor that clearly contributes to this objective. Indeed, central bank independence is warranted precisely on those grounds. Yet aside from the quality of institutions when it comes to incorporating long-term considerations into public policy decision-making, there are three complementary matters that are, in my view, essential, and to which the media can make a decisive contribution.

The first of these three matters stems from the incorporation of an ongoing and thorough public-policy evaluation culture, on the understanding that, in a democratic society, evaluating the design and effects of public policies serves a political function, since it fosters transparency regarding political leaders’ actions and their outcomes, facilitating accountability and democratic control by Parliament and citizens. It also fulfils a technical function, strengthening the decision-making process by providing it with valuable information to enhance its effectiveness and efficiency. Therefore, when “evidence-based policies” are promoted, it is both a technical argument in favour of effectiveness and a political statement in favour of citizens’ and their representatives’ democratic control of political power.

The second element is the need to have data that inform the decision-making process. Data are the raw material that feeds the evaluation process. Without appropriate, quality, timely and sufficiently granular data, a good evaluation is not possible.

In the private sector they talk about the “data economy”, where the competitive dynamics of firms have been crucially affected by the use of data or by technology. The public sector cannot fall behind when it comes to data processing.

The use of data held by the different segments of government increases diagnosis and evaluation capacities in an accelerated fashion. And it adds a further control mechanism for the authorities, which reinforces the quality of public debate and of democracy, particularly when such data are made available to the research community, to be used for scientific purposes in the public interest.

Quality data, technical ability, and analytical rigour and independence would thus seem to be the necessary ingredients for setting in place an evaluation culture leading to the evidence-based formulation of public policies.

A third key element is to improve the economic and financial education of the general public. With citizens able to critically internalise in their individual decisions both the main findings of these independent evaluations and the various benefits and costs associated with different courses of action, it would be easier to cement an evaluation culture. As I have stressed on various occasions, to achieve this, I believe it is essential to further embed economic and financial education in the school syllabus, as recommended by international institutions.

This call for evidence-based public policies as a key element for progress and freedom in democratic societies should not, however, be understood as being at odds with the healthy ideological debate proper to free and plural societies.

On the contrary, I believe these elements should complement each other. Ideology has, at least, a dual role in the public policy decision-making process. The first is related to ends. It provides an ethical notion of what is good or bad for society. And this cannot or should not be subject to evaluation. It is a question of personal preferences which, in the event of legitimate discrepancy, should be resolved in the political domain democratically, under each nation's constitutional framework.

A second role of ideology is to provide initial starting points as to how, a priori, these ends might be addressed when we lack sound evidence of the best course of action to attain them. To some extent, ideology occasionally fills the gaps that rigorous evaluation based on reliable data can leave. In this second area, there is ample room for fruitful dialogue between ideology and evaluation, with only one pre-requisite: that, no matter how firm ideological postulates are about the means that should be used, economic policymakers should be willing to be swayed by the findings of rigorous and independent evaluations.

The outcome of this dialogue may be very enriching for society: the emergence of a minimum consensus on how to tackle, using public policies, specific challenges that are identified as such by a very broad political spectrum. As discussed on previous occasions, ever since our society and economy were impacted by the pandemic, such basic social and political consensus has become key to contending with situations of enormous uncertainty like the present, where far-reaching reforms are needed to improve citizens' well-being. Consensus as to what reforms to undertake and with what content, supported by the findings of sound economic evaluations, would provide economic policy with stability beyond the electoral cycle and, therefore, with credibility in the eyes of citizens and investors, thus multiplying its positive impact.

In this process, I believe that the media can and must play a pivotal role.

The media are crucial in identifying the problems facing society, which may ultimately have to be addressed through economic policy action. In the words of Elias Canetti, a true writer is like a bloodhound,¹ who must sniff around, missing nothing, in search of the truth. In my view, this attitude would also be desirable in journalists.

The media also play a key role in ensuring public accountability and transparency, beyond the institutional function that parliaments fulfil in that dimension. And not only from a supply perspective — as public authorities we commonly use the media to launch messages about our actions— but also from a demand perspective, since the media themselves require the authorities to provide this information and the appropriate explanations (evaluations).

I would like to underline the unique role played by the media in relaying such information, explanations and findings to citizens. For example, only a very small number of reports, articles, evaluations or speeches prepared by the Banco de España are actually read by the general public. We have to admit that they are brought to citizens' attention almost exclusively by the media. Hence the importance we, at the Banco de España, attach to forging a smooth and close relationship with the media, strengthening the channels that enable us to properly explain our work, through briefings, interviews or by participating in events such as this one. That is what has led us to include summaries and extracts outlining our reports, to make them more readily understandable for journalists. Although not always easy, we also try to use language and formats that are accessible to all.

The media therefore play a vital role in contributing to promote an evidence-based economic policy culture and, indirectly, to foster citizens' economic and financial literacy.

The greatest challenge, in my view, is to be able to get across to citizens the complexity of economic problems and their possible solutions, taking into account the boundaries of knowledge or available information, so that the findings of evaluations and analyses are properly interpreted with due caution. To this end, media professionals obviously need to be financially literate. In order to explain this debate and to communicate it to citizens in a language they can understand, journalists must first be able to grasp the complexities and boundaries of economic analysis.

I would venture to say that the fruitful dialogue between ideology and evaluation, which I mentioned earlier, can only take place if the findings of such evaluations, and that includes their limitations, are adequately communicated to the general public and if ideological postulates are open to be influenced by them. Ultimately, this should favour the creation of the consensus required to implement the necessary economic reforms.

And this challenge is even greater, as the former president of the Spanish Financial Press Association (APIE), Íñigo de Barrón, pointed out², in a setting of increasing political polarisation of the media, in which we are having to counter misinformation and in which

¹ E. Canetti (1936), "Hermann Broch", speech delivered on the occasion of Hermann Broch's fiftieth birthday (Vienna, November 1936), in *The Conscience of Words*, Fondo de Cultura de México, 1981.

² Íñigo de Barrón (2019), speech delivered on 25 November at the 2019 "Tintero y Secante" award ceremony organised by the Spanish Financial Press Association.

the impact generated by the competitive pressure exerted by social media has, in many cases, led to the unwise use of “clickbaiting” to attract readers.

By contrast, properly informing the debate between citizens and, ultimately, political decisions, requires objective reporting, particularly about the complexity and the trade-offs that any economic policy decision gives rise to, both between individuals or population groups and regarding its impact over time, among other things.

In other words, I do not think it is an overstatement to say that our success as a society in creating a genuine culture of economic policy evaluation which will enable us to take into account long-term considerations when making decisions, essentially depends on the media being able to adequately communicate the findings of these evaluations to citizens, obviously beyond the role that institutions have in achieving this objective.

At the Banco de España we believe that, with a rigorous and independent approach, we can contribute decisively to this objective. We can do so adopting a culture of permanent evaluation of the actions arising from our responsibilities; providing other economic policymakers with the best analyses and proposals for driving economic growth and citizens’ well-being; assisting and collaborating with the research community in the use of our information to further contribute to that objective; and promoting — also in collaboration with the public and private sectors — the economic and financial education of the public at large, enabling them to sufficiently understand and evaluate public policies and take the best financial decisions for themselves; and cooperating with the media to facilitate the transfer of all these analyses and information to the general public.

Thank you very much.