CHAPTER 1

U.S. MEDIA AT THE DAWN OF THE TWENTY-FIRST CENTURY

The United States is in the midst of an almost dizzying transformation of its media system. In this chapter I address the main trends, the real trends, in U.S. media at the dawn of the twenty-first century. These are corporate concentration, conglomeration, and hypercommercialism. (Giant 거대미디어기업) I argue that the U.S. media system is an integral part of the capitalist political economy, and that this relationship has important and troubling implications for democracy. I then discuss the flip side of hypercommercialism, which is the decline, if not elimination, of notions of public service in our media culture. In particular, I concentrate upon the corruption and degradation of journalism, (journalism [illegible]) to the point where it is scarcely a democratic force. Moreover, I analyze the undemocratic and corrupt manner in which the core laws and codes regulating communication, most notably the Telecommunications Act of 1996, have been enacted. The system I describe does not exist as a result of popular (대중의지 X) will, nor is it by any means a "natural" occurrence. The media system exists as it does because $\boxed{\text{powerful interests}}$ have constructed it so that citizens will not be involved in the key policy decisions that have shaped it. In chapters 2 and 3 I extend the discussion to the globalization of the commercial media market in the 1990s, and then to the rise of the Internet and digital communication networks. In those chapters I ask what is the relationship of globalization and the Internet to the trends toward concentration, conglomeration, and hypercommercialism.

The Corporate Media Cartel

The striking structural features of the U.S. media system in the 1990s are concentration and conglomeration. It may seem ironic that these are the dominant structural features when, to the casual observer, the truth can appear quite the opposite. We seem inundated in different media from magazines and radio stations to cable television channels and, now, websites. But, in fact, to no small extent, the astonishing degree of concentrated corporate control over the media is a response to the rapid increase in channels wrought by cable, satellite TV, and digital media. Media firms press to get larger to deal with the uncertainty of the changing terrain wrought by new media technologies. "If you look at the entire chain of entities — studios, networks, stations, cable channels, cable operations, international distribution — you want to be as strong in as many of those as you can," News Corporation president Peter Chernin stated in 1998. "That way, regardless of where the profits move to, you're in a position to gain."[1] Yet, any explanation of media concentration and conglomeration must go beyond media technologies. They also result from changes in laws and regulations that now permit greater concentration in media ownership. But the bottom line, so to speak, is that concentrated media markets tend to be vastly less risky and more profitable for the firms that dominate them.

In fact, media concentration is not a new phenomenon. Classically, it has assumed the form of *horizontal integration,* where a firm attempted to control as much of the output in its particular field as possible. The ultimate form of horizontal integration, therefore, is monopoly. Horizontal integration has two great benefits for firms. First, as firms get a bigger share of the market it permits them to have lower overhead and to have more bargaining power with suppliers. Seagram, for example, estimates cost savings of $300 million for its music division from its purchase of PolyGram in 1998.[2] Second, as a firm gets a larger share of a specific market, it gains more control over the prices it can charge for its products.[3] Firms operating in oligopolies — meaning markets dominated by a handful of firms each with significant market share — tend to do what monopolists do: they cut back on output so they can charge higher prices and earn greater profits. Hence, when Bertelsmann bought Random House for $1.4 billion in 1998 to become the dominant U.S. book publisher, fears of canceled authors contracts spread throughout the

literary community.[4] Stable oligopolies are very desirable for large firms, because despite their potential for profits, it can be quite difficult for a new player to enter an oligopolistic market. All of this not only drives the firms to use mergers and acquisitions to get bigger and more powerful but it also drives them to lobby for ownership deregulation and to generate new technologies that make concentration more feasible.

The U.S. mass media industries have been operated along noncompetitive oligopolistic lines for much of the twentieth century. In the 1940s, for example, broadcasting, film production, motion picture theaters, book publishing, newspaper publishing, magazine publishing, and recorded music were all distinct national oligopolistic markets, each of them dominated by anywhere from a few to a dozen or more firms. In general, these were *different* firms dominating each of these industries, with only a few exceptions. Throughout the twentieth century there have been pressing concerns that these concentrated markets would inhibit the flow and range of ideas necessary for a meaningful democracy.[5] For a variety of reasons, however, these concerns rarely spilled over into public debate.[6] In particular, the rise of the notion of professional journalism in the early twentieth century — which became widespread, even dominant, by mid-century — attempted to disconnect the editorial process from the explicit supervision of the owners and advertisers of the mass media, thus making the editorial product seem more credible as a "public service." To the extent that this process was seen as successful, the corporate commercial domination of the media seemed a less pressing, perhaps even insignificant, matter.[7]

Concentration has proceeded in specific media markets throughout the 1990s, with the proportion of the markets controlled by a small number of firms increasing, sometimes marginally and at other times dramatically. The U.S. film production industry has been a tight-knit club effectively controlled by six or seven studios since the 1930s. That remains the case today; the six largest U.S. firms accounted for over 90 percent of U.S. theater revenues in 1997.[8] All but sixteen of Hollywood's 148 widely distributed (six hundred or more theaters) films in 1997 were produced by these six firms, and many of those sixteen were produced by companies that had distribution deals with one of the six majors.[9] The newspaper industry underwent a spectacular consolidation from the 1960s to the 1980s, leaving a half-dozen major chains ruling the roost.[10] The emerging consolidation trend in the newspaper industry is that of "clustering," whereby metropolitan monopoly daily newspapers purchase or otherwise link up with all the smaller dailies in the suburbs and surrounding region.[11] Clustering permits newspapers to establish regional and/or broadly metropolitan newspaper monopolies and is quite lucrative. In 1997 it accounted for 25 percent of the record $6.2 billion in U.S. newspaper transactions.[12] Two major 1998 deals further concentrated U.S. book publishing and music production. With Bertelsmann's purchase of Random House, the U.S. book publishing industry is now dominated by seven firms.[13] And with Seagram's $10.4 billion purchase of PolyGram, the five largest music groups account for over 87 percent of the U.S. market.[14]

Media sectors that were once more competitive and open have seen the most dramatic consolidation in the past decade. In cable television systems, six firms now possess effective monopolistic control over more than 80 percent of the nation, and seven firms control nearly 75 percent of cable channels and programming.[15] As Time Warner's Ted Turner puts it, "We do have just a few people controlling all the cable companies in this country."[16] *Variety* notes that "mergers and consolidations have transformed the cable-network marketplace into a walled-off community controlled by a handful of media monoliths."[17] Radio station ownership, which I return to at the end of this chapter, has gone through a stunning transformation in the late 1990s, leaving four newly created giants with one-third of the industry's annual revenues of $13.6 billion.[18] With no small amount of irony, even the "alternative" weekly newspaper market — which was established to provide a dissident check on corporate media and journalism — has come to be dominated by a few chains.[19]

Concentration arguably has been most dramatic in the 1990s at the retail end of the media food chain. In motion picture theaters, for example, the era of the independent or even small chain theater company has gone the way of the passenger pigeon. In 1985 the twelve largest U.S. theater companies controlled 25 percent of the screens; by 1998 that figure was at 61 percent and climbing rapidly.[20] The largest chain, co-owned by the leveraged-buyout firms Kohlberg, Kravis, Roberts and Co. and Hicks, Muse, Tate and Furst, controls around 20 percent of the nation's movie screens.[21] U.S. book retailing has undergone a revolution to such a degree that more than 80 percent of books are sold by a few huge national chains like Borders and Barnes & Noble.[22] The share of books sold by independent book dealers fell from 42 percent to 20 percent from 1992 to 1998.[23]

But concentrating upon specific media sectors fails to convey the extent of concentrated corporate control. The dominant trend since the 1970s or 1980s, which has accelerated in the 1990s, is the conglomeration of media ownership. This is the process whereby media firms began to have major holdings in two or more distinct sectors of the media, such as book publishing, recorded music, and broadcasting. So it is that each of the six main Hollywood studios are the hubs of vast media conglomerates. Each of the six owns some combination of television networks, TV show production, television stations, music companies, cable channels, cable TV systems, magazines, newspapers, book publishing firms, and other media enterprises. The vast majority of the dominant firms in each of the major media sectors are owned outright or in part by a small handful of conglomerates. And this has all come about seemingly overnight. Published in 1983, Ben Bagdikian's seminal, even shocking, *The Media Monopoly* chronicled how some fifty media conglomerates dominated the entirety of U.S. mass media, ranging from newspapers, books, and magazines to film, radio, television, cable, and recorded music. Today that world appears to have been downright competitive, even populist. After the massive wave of media mergers and acquisitions since 1983, Bagdikian has reduced the number of dominant firms, until the most recent edition of *The Media Monopoly* in 1997 put the figure at around ten, with another dozen or so firms rounding out the system.[24]

The "first tier" of media conglomerates includes Time Warner, Disney, Viacom, Seagram, Rupert Murdoch's News Corporation, and Sony, all connected to the big six film studios. The remaining first-tier media giants include General Electric, owner of NBC, and AT&T, which in 1998 purchased TCI, the cable powerhouse with vast holdings in scores of other media enterprises.[25] GE (1998 sales: $100 billion), AT&T-TCI (1997 sales: $58 billion), and Sony (1997 sales: $51 billion) all are enormous firms, among the largest in the world. Their media holdings constitute a distinct minority of their assets.

These media empires have been constructed largely in the 1990s, with a rate of growth in annual revenues that is staggering. In 1988 Disney was a $2.9 billion per year amusement park and cartoon company; in 1998 Disney had $25 billion in sales. In 1988 Time was a $4.2 billion publishing company and Warner Communications was a $3.4

billion media conglomerate; in 1998 Time Warner did $28 billion in business. In 1988 Viacom was a measly $600 million syndication and cable outfit; in 1998 Viacom did $14.5 billion worth of business. The figures are similar for the other giants.[26] In chapter 2 I provide a detailed list of the media holdings of News Corp., Time Warner, and Disney, the most important media conglomerates in the world. For present purposes, consider the holdings of Viacom to get a sense of how one of these giants looks. Viacom owns Paramount Pictures, Simon and Schuster book publishers, Spelling Entertainment, MTV cable network, VH1 cable network, Nickelodeon cable network, TV Land cable network, Showtime cable network, eighteen U.S. television stations, the UPN network, the Blockbuster video rental chain, five theme parks, retail stores, and a vast movie theater empire outside of the United States.

The "second tier" of U.S. media giants includes the great newspaper-based conglomerates like Gannett, Knight-Ridder, and the New York Times Company, cable-based powerhouses like Comcast and Cox Enterprises, as well as broadcast-based powers like CBS. These fifteen or so "second-tier" firms are all conglomerates, but they are smaller than the first-tier firms, with annual sales ranging from $2 billion to $7 billion. They also all tend to lack the film, TV, and music production capacities of the first-tier giants. These second-tier firms have all grown quickly over the past decade and they, too, have been swallowing up smaller firms.

It is unclear how much more upheaval will occur in the U.S. media system, but there is no reason to think that more major mergers and acquisitions are not on the horizon. AT&T's purchase of TCI left its subsidiary Liberty Media in former TCI CEO John Malone's hands, with Malone in complete control and flush with up to $20 billion in liquidity. "When the smoke clears," Malone said when announcing the TCI sale to AT&T, "Liberty is going to have tons of cash."[27] By most accounts, Liberty Media will aggressively move to structure a new media empire in the near future.[28] At any rate, all of the media firms are actively juggling assets to improve market power, even if only a minority will engage in major mergers. As one media analyst puts it, "consolidation among distribution and content players rages on."[29] What is clear is that the option of being a small or middle-sized media firm barely exists any longer: a firm either gets larger through mergers and acquisitions or it gets swallowed by a more aggressive competitor.

Why is that the case? To some extent this trend has been fueled by a desire to create an extremely lucrative *vertical integration*, meaning that media firms would not only produce content but would also own the distribution channels that would guarantee places to display and market their wares. 수직통합 For decades U.S. laws and regulations forbade film studios from owning movie theaters and television networks from producing their own entertainment programs because it was well understood that this sort of vertical integration would effectively prohibit newcomers from entering the film or television production industries. Such restrictions have been relaxed or eliminated in these deregulatory times, and some of the merger pandemonium can be attributed to the race by producers and distribution networks to link up with each other formally rather than be squeezed out by their competitors. Hence Disney owns ABC while News Corp. owns Fox. Viacom and Time Warner have launched their own U.S. television networks as well, the UPN and WB networks respectively. The vast majority of the fifty leading cable television channels, too, are owned outright or in part by the first-tier conglomerates, and the rest are all affiliated with a few of the second tier of media giants. Sony has moved aggressively into U.S. movie theater ownership while Viacom owns Blockbuster video rentals.[30]

These vertically integrated media conglomerates have not necessarily established exclusive arrangements such that their films only appear on their own TV stations and networks, or that their films get first crack in their movie theaters or movie rental stores. For the most part the largest conglomerates are increasingly interdependent, competing in some markets while they are customers for each other in other markets. ※※ 상호경쟁 & 의존 But when vertical integration can be applied effectively, it is logical to expect media conglomerates to keep production directed to their own distribution outlets.

The first market where full vertical integration looks plausible is with the production of television shows for the TV networks. Television show production had already become increasingly concentrated in the hands of the big six Hollywood studios by the mid-1990s. According to one report, they accounted for thirty-seven of the forty-six new primetime shows on network TV in fall 1998. The four studios which also own TV networks produced twenty-nine of the programs.[31] Fox supplied over 40 percent of its 1998 programs whereas CBS had a stake in 57 percent of its prime-time lineup, a 20 percent increase over 1997.[32] What is new is the demand by the six own program

TV networks — the four affiliated with Hollywood studios plus NBC and CBS — to own a piece of shows that appeared on their networks. "Each and every one of these networks," one studio executive stated in 1998, "are going to endeavor to own and control as much content as they possibly can." CBS, for example, produced or coproduced six of its seven new shows in 1998.[33]

Some expect that the logical trajectory will be for networks eventually to produce nearly all of their own programs, something that would have been illegal just a decade ago. Hence Viacom CEO Sumner Redstone fired an executive who did not mind seeing programs produced by Viacom's Spelling Entertainment (like *Frasier*) being sold to other networks if they paid more than UPN, although UPN was languishing in the ratings. "I think you are going to see a lot more Spelling shows on UPN," Redstone commented in 1998.[34] The exact same process is taking place with cable TV channels, where most of them are now owned wholly or in part with a major production studio.[35] If this process does continue at this pace, NBC and CBS logically would become part of deals to formally link up with production studios.

복합 기업

But the pressure to become a conglomerate is also due to something perhaps even more profound than the need for vertical integration. It was and is stimulated by the desire to increase market power by cross-promoting and cross-selling media properties or "brands" across numerous, different sectors of the media that are not linked in the manner suggested by vertical integration. "Cross-promotion offers incredible efficiencies, while cross-selling promises major opportunities," *Variety* notes, in explaining the drive to conglomeration.[36] Hence, if a media conglomerate had a successful motion picture, it could promote the film on its broadcast properties and then use the film to spin off television programs, musical CDs, books, merchandise, and much else. "When you can make a movie for an average cost of $10 million and then cross promote and sell it off of magazines, books, products, television shows out of your own company," Viacom's Redstone said, "the profit potential is enormous." (Viacom's) Paramount *Beavis and Butt-Head Do America* film, for example, based on Viacom's MTV cartoon series, cost $11 million but generated a *profit* of $70 million. When Viacom released its *Rugrats* movie — based on its Nickelodeon TV program — in December 1998, it provided extensive editorial programming to promote the movie on Nickelodeon, its VH-1 and Showtime cable networks, and the syndi-

market power

cated television program *Entertainment Tonight*, which is produced by Viacom's Paramount Television.[37] In the new world order of conglomerated media, as an MTV executive put it, "the sum is greater than the parts."[38] "These firms no longer make films or books," Paine Webber's media analyst Christopher Dixon observes, "they make brands."[39]

Disney, more than any media giant, is the master at figuring out "new synergistic ways to acquire, slice, dice and merchandise content."[40] Its 1994 animated film *The Lion King* generated over $1 billion in profit. It led to a lucrative Broadway show, a TV series and all sorts of media spin-offs. It also led to 186 items of merchandising.[41] Wall Street analysts gush at the profit potential of animated films in the hands of media conglomerates; they estimate that such films on average generate *four times more profit* than their domestic box-office take.[42] A look at some of Disney's recent operations shows how it employs the logic of synergy to all of its endeavors. Its *Home Improvement* show is a big hit on its ABC television network. So Disney then has *Home Improvement* star Tim Allen take roles in Disney movies and write books for Disney's book-publishing firms. The other giant media conglomerates are increasingly emulating this pattern.[43] In another example, Disney takes its lucrative ESPN cable channel and uses the name to generate other properties, including an ESPN radio network.[44] In 1998 Disney launched *ESPN Magazine* to compete directly with Time Warner's *Sports Illustrated*.[45] Using incessant promotion on ESPN, the magazine exceeded initial estimates with a circulation approaching five hundred thousand after only a few months.[46] Likewise, Disney is launching a chain of ESPN Grill restaurants to appeal to those who wish to combine sports with dining out.[47]

Murdoch's News Corp. exploits its *X-Files* TV program in the same manner. It produces the show, airs it over its Fox network, and then shows reruns on its twenty-two Fox TV stations and its FX cable network. News Corp. has generated *X-Files* books and extensive merchandising, and Twentieth Century Fox (owned by News Corp.) released a movie version of the *X-Files* in 1998.[48] News Corp. even has a traveling *X-Files* Expo that visited ten U.S. cities in March 1998 with active promotion through all other News Corp. media properties. Organized by the News Corp. licensing and merchandising division and sponsored by General Motors, the Expo is "part rock concert and part fan festival," with the avowed aim of "extending the life cycle" of the *X-Files* property.[49] (Not surprisingly, News

Corp. also uses the *X-Files* on its worldwide television channels.) This is synergy indeed, and it works. Time Warner, too, is aggressively working to have the parts in its massive empire work more closely together. In 1998 it began promoting new releases from its music companies on the videotapes for Warner Bros. films.[50]

If synergy is the principle that makes becoming a media conglomerate more profitable and, indeed, mandatory, the other side of the coin is *branding.* All media firms are racing to give their media properties distinct brand identities. Although the media system has fewer and fewer owners, it nonetheless has a plethora of channels competing for attention. Branding is the primary means of attracting and keeping audiences while also offering new commercial possibilities. Cable channels and even broadcast networks each strive to be regarded as brands by the specific demographic groups desired by advertisers. Hence Viacom's Nickelodeon cable network battles its new competition from News Corp.'s Fox Kids Network and the Disney Channel by incessantly hammering home the Nickelodeon brand name on Nickelodeon and in its other film, television, and publishing holdings.[51] Take, for one fairly minor example of the rise of branding to preeminence as a business strategy, News Corp.'s HarperCollins book-publishing division. In the past few years, HarperCollins has developed *The Little House on the Prairie* from the 1930s and 1940s into a contemporary book series aimed at 8–12 year olds, and has added several new books to the series. HarperCollins has also generated ninety related products, ranging from paper dolls and cookbooks to picture books, all bearing the "Little House" logo.[52]

As this suggests, branding opens up for the media giants the entire world of selling retail products based on their branded properties, and it is a course they have been pursuing with a vengeance.[53] In 1997, $25 *billion* of Disney merchandise was sold, more than twice the global sales of Toys 'R' Us.[54] Disney's own licensing revenue in 1997 was $10 billion, while Time Warner's was more than $6 billion. In 1998, for one example of branded products, Disney introduced a "Mickey Unlimited" fragrance line for men and women in Germany, following the successful release of a "Mickey for Kids" perfume there in 1997. Disney plans to roll out the perfumes across Asia and into the United States.[55] Murdoch's News Corp. generated a paltry $1 billion in licensing revenue, leading to a major shakeup in the Fox hierarchy in early 1998.[56] Disney now has 660 retail stores to sell its

branded products; Time Warner has 160 stores. Some of the other media giants are moving in the same direction.[57]

In sum, the logic and trajectory of the media market is such that firms that do not have the cross-selling and cross-promotional opportunities of the media giants are finding it ever more difficult to survive or prosper. As Diane Mermigas, one of the leading observers of the media industry, put it in 1998: "The bottom line is that a handful of sprawling giants like Time Warner and Disney have more options for building out their brands in many different ways across all their business lines that smaller players don't have. The options for generating additional earnings can make all the difference in difficult times that may prove even brand kings — like Disney — are vulnerable."[58]

One important qualification needs to be made concerning media conglomeration and synergy. Not all media sectors mesh equally well with all others. The major newspaper chains have almost all found it lucrative to extend their holdings to radio and television stations, and sometimes to magazine or book publishing. The core unifier for these synergies is news-oriented content and facility with advertisers. Television stations have also been made parts of conglomerates that include TV networks, cable channels, film studios, and music studios. The core unifier for this set of synergies is entertainment content production combined with distribution, cross-selling, and cross-promotion. But there is little evidence, as yet, that newspaper chains and film studios or newspaper chains and music studios offer each other significant "synergies." Hence Disney sold the newspaper interests it acquired as part of its 1995 purchase of ABC and ESPN. And in 1998 Viacom sold all aspects of its Simon and Schuster book publishing that pertained to the business and educational markets. It is worth noting that Viacom kept its general "trade"-book-publishing interests, so it can continue to publish odes to Beavis and Butt-Head. When giant firms sell off assets like these, some observers jump to the conclusion that this proves synergy does not work and that large firms are ultimately too large for their own competitive good. In fact, what it establishes is that smart firms get bigger and bigger, but they carefully assess their holdings to see that they complement each other well. And the trajectory of the 1990s is that the field of media assets that can complement each other for a media conglomerate is growing.

Nor is the media system entirely closed. Despite the ravages of concentration, independent record labels and book publishers have proliferated in recent years, albeit getting a minuscule share of the market. Some argue that the concentration in music and book retailing makes it easier for these independents to establish distribution networks and that this will lead to more competitive markets down the road.[59] That remains to be seen. What is clear right now is that small independent publishers and recording companies play an indispensable part in the overall system of providing content that is too risky for the giants to consider. Then, if the fare proves successful, the big firms can begin to produce it, or even buy up the independent. This is the case in the film industry, where independents account for only 5 percent of industry revenues but serve an important creative function for the giants.[60] By 1998 almost all of the Hollywood "indies" were either owned outright by a major studio or effectively affiliated with one otherwise. Independents have become a source of low-risk profit-making for the media giants, giving the latter near total control over the industry.[61] "Lone wolf production companies," *Variety* noted in 1998, "have become integral to the corporate studio filmmaking process."[62] The notion that independents might sprout up to challenge the existing giants is dead.

Will new first-tier media giants emerge from the woodwork? It is possible if some second-tier firms merge, or if a huge nonmedia firm elects to buy its way into the market, as General Electric, Sony, AT&T, and Seagram have done over the past decade. With the convergence of media with telecommunication and computering, this is an increasing prospect, a point I return to in chapter 3.

The one clear effort to establish a new media giant is DreamWorks, the new Hollywood studio formed by Steven Spielberg and David Geffen, among others, and backed with billions of dollars in investment capital from the Korean heiress Miky Lee and Microsoft cofounder Paul Allen. Can it succeed, becoming, for example, the first successful new Hollywood studio since the 1930s? The connection to Spielberg and Geffen may provide some hope, but otherwise the venture looks like an absurd deployment of capital. One look at animation, one of DreamWorks's main areas of development, shows why: whereas media giants Disney, Time Warner, Viacom, and News Corporation can generate profit from animated films that do lackluster box office by exploiting their numerous other revenue streams, DreamWorks must rely disproportionately on the film's theatrical success. DreamWorks also does not have an arsenal of other media on which to promote its animated films. In 1998 its first animated film, the critically acclaimed *Prince of Egypt,* struggled at the box office compared to concurrent animated films released by Viacom and Disney, each of which were heavily promoted on their various media aimed at children.[63] All of this puts DreamWorks at a distinct disadvantage. It suggests that DreamWorks will either become part of a larger media conglomerate or establish a close relationship with a media conglomerate, making it a de facto subsidiary at some point down the road.[64] This is what the independent computer animation firm Pixar did in 1996, when it formally allied with Disney.[65]

This is not to say that the media market is at all stable. In just three years in the late 1990s the leveraged buyout specialists Hicks Muse spent billions of dollars to build up an empire in radio stations, sports teams, television stations, book publishing, billboards, and movie theaters.[66] According to a *Forbes* profile of Hicks Muse, its goal "is to blanket entire areas for advertisers, with radio, TV and billboards — one-stop advertising."[67] Hicks Muse is now a multibillion-dollar second-tier media conglomerate, having quickly exploited the opportunities for entering media markets that presented themselves with deregulation following the 1996 Telecommunications Act. Whether those opportunities remain in place for others is questionable, unless they want to pay a prohibitive price. But the experience with Hicks Muse underlines the overall logic of the media market: it only makes sense to be a player if you are a very, very big player with a broad stable of media assets to exploit.

Market concentration and conglomeration are necessary for profitability, but they do not assure it. The creation of these empires brought considerable debt to may of these firms, and it was only in the late 1990s that Viacom, Time Warner, and News Corp. returned to profitability. Gordon Crawford, who manages the $400 billion Capital Research mutual fund that has large holdings in all of the media giants, believes the short-term profit difficulties were and are exaggerated, especially if the problem is due to increased corporate debt to finance acquisitions.[68] "Most of these decisions make sense long term, and 20 years down the road, they're going to be all right."[69] Moreover, not all mergers and acquisitions pan out, so benefits accrue to the shrewder and/or more fortunate media giants. But the overarching trajectory for the media system is rapid growth for the largest firms well into the next century. Ironically, in the eyes of investors, the main problem with the existing media system is that there is *too much* competition. "The problem is that too many players are at the table," *Business Week* concludes in its analysis of the media industry, "and it's ruining everyone's hand."[70] Gordon Crawford forecasts that the eventual outcome will be a global media oligopoly dominated by six firms: Time Warner, Disney, Viacom, News Corporation, Sony, and Seagram. Crawford is more than a silent investor; he works quietly but persistently to coordinate deals among the media giants to increase profitability for all of them.[71]

Despite the seeming excess of "competition," the media system is anything but competitive in the traditional economic sense of the term. Not only are all of the markets oligopolies, where almost all of the main players are owned by a handful of firms, the media giants also tend to work quite closely together. The CEOs of Crawford's select six — together with all the other media giant CEOs (and now computer industry CEOs like Bill Gates and Andy Grove) — meet annually at a by-invitation-only retreat in Idaho to discuss the future of their industry.[72] Regardless of what actually happens in Idaho, these interactions bear many of the earmarks of a cartel, or at least a "gentleman's club."

And this barely begins to indicate how noncompetitive the media market is becoming. In addition to their oligopolistic market structure and overlapping ownership, the media giants each employ equity joint ventures with their "competitors" to an extraordinary extent. These are media projects where two or more media giants share the ownership between them. They are ideal because they spread the risk of a venture and eliminate the threat of competition by teaming up with potential adversaries.[73] Each of the eight largest U.S. media firms have, on average, joint ventures (often more than one) with five of the other seven media giants.[74] Rupert Murdoch's News Corp. has at least one joint venture with every single one of them. While competition can be fierce in specific markets, the same firms are often the best customers for each other's products, and the overall effect is to reduce competition and carve up the media pie to the benefit of the handful of giants. According to most theories of market performance, this degree of collaboration can only have negative consequences for consumers.

Joint
Venture
no competition
risk

Finally, when one looks at the membership on the U.S. media giants' boards of directors — the people who legally represent the shareholders and therefore run the companies — the notion that this is a collaborative industry is even more justified. Crawford's select six, less the Japanese Sony and Seagram and adding CBS and GE, have

eighty-one directors on their boards. These eighty-one hold 104 additional directorships on the boards of Fortune 1000 corporations. Indeed, the boards for these six firms plus the five largest newspaper corporations (New York Times, Washington Post, Times-Mirror, Gannett, and Knight-Ridder) have directors who also serve on 144 of the Fortune 1000 firms. The eleven media giants also have thirty-six *direct* links, meaning two people who serve on different media firm boards of directors and also serve on the same board for another Fortune 1000 corporation. Each of the eleven media giants has at least two such interlocks. GE has seventeen direct links to nine of the other ten media giants; Time Warner has direct links to seven of them. In combination, this suggests that the corporate media are very closely linked to each other, and to the highest echelons of the corporate community. The point is not that the corporate media are necessarily more intertwined with other large firms than any other industrial sector but, rather, that the media are full participants in the corporate community. As the most recent study of this issue concluded, "The media in the United States effectively represent the interests of corporate America."[75]

Finally, for what it is worth, many of the very wealthiest Americans generated their bounty through their holdings in media properties. Some 17 percent of the Forbes 400 list of the richest Americans derived their wealth primarily from media, entertainment, or computer software. Exactly 20 percent of the fifty largest family fortunes were derived therefrom.[76] Nor are the owners the only beneficiaries of media prosperity. The average compensation in 1997 for the CEOs of General Electric, Viacom, Disney, Time Warner, Universal Studios, the New York Times, CBS, Times-Mirror, Comcast, Cox, TCI, AT&T, Tribune Company, the Washington Post, and Gannett was approximately $4,500,000.[77] In short, those that sit atop our media empires are at the very pinnacle of success as it is measured in a capitalist society.

Corporate Media Culture

The implications of this concentration and conglomeration for media content are largely negative. On the one hand, media fare is ever more closely linked to the needs and concerns of a handful of enormous and powerful corporations, with annual revenues approaching the GDP of a small nation. These firms are run by wealthy managers and billionaires with clear stakes in the outcome of the most fundamental political issues, and their interests are often distinct from those of the vast majority of humanity. By any known theory of democracy, such a concentration of economic, cultural, and political power into so few hands — and mostly unaccountable hands at that — is absurd and unacceptable. On the other hand, media fare is subjected to an ever-greater commercialization as the dominant firms use their market power to squeeze the greatest possible profit from their product. This is, in fact, the most visible trend in U.S. media today.

My argument is institutional. It is understandable why so many observers focus on the personalities of the individuals who dominate the largest media firms as the decisive factor in explaining the nature of the system.[78] Of the eight dominant U.S. media firms, four have owners with enough stock to wield absolute control over their firms: These are Viacom (Sumner Redstone), News Corporation (Rupert Murdoch), Seagram (Edgar Bronfman), and AT&T's Liberty Media (John Malone). This is a far higher percentage than most industries, probably reflecting the recent genesis of the corporate media system. "The mogul style of leadership," one management consultant notes, "is the only one that can work in an industry where the playing field is constantly changing."[79] As the system settles down, and as Murdoch, Redstone, and Malone age, in time at least one or two of those enterprises likely will turn to a more traditional form of corporate management mostly independent of shareholders. And even the media giants with traditional management, like Disney, Time Warner, and GE, have long-standing and strong CEOs in Michael Eisner, Gerald Levin, and Jack Welch respectively. Indeed, Eisner has been accused of stacking the Disney board of directors so that he enjoys an almost unchallengeable grip on Disney operations.[80]

But even with this much CEO autonomy, the problem with the corporate media system is not that the people who own and manage the dominant media firms are bad and immoral people. Their individual traits are mostly irrelevant. The owners and managers do what they do because it is the most rational conduct to pursue in the market context they face. Were, say, frequently maligned media moguls like Rupert Murdoch or John Malone to leave their jobs, their replacements would pursue similar courses, though perhaps with greater or lesser success. And those media CEOs occasionally suspected of humane thought and behavior, like Eisner or Levin or Ted

Turner, resolutely keep a wall between their do-gooder activities and their business activities. (As for those politicians and policy makers who aggressively advance the interests of the giant media firms in Washington, D.C., and elsewhere, I am decidedly less charitable. It may be understandable why most politicians effectively whore for powerful media and communication firms, but it is still a violation of public trust. And when we no longer expect elected officials to meet even rudimentary standards of public integrity, then, indeed, our use of the term "democracy" to describe this system becomes almost Orwellian.)

Let me offer a few provisos to my critique of the U.S. media system. When one assesses the effects of the nature of the media system upon media content, it is usually difficult to isolate one variable as determinative. The core structural factors that influence the nature of media content include the overall pursuit of profit, the size of the firm, the amount of direct and indirect competition facing the firm and the nature of that competition, the degree of horizontal and vertical integration, the influence of advertising, the specific interests of media owners and managers, and, to a lesser extent, media employees. In combination these factors can go a long way to providing a context (and a trajectory) for understanding the nature of media content; but even then this is always a context. This "institutional" or "political economic" approach to understanding media can only rarely provide a detailed understanding of specific media content.

It is also true that the system does produce much of value. In those areas that are especially commercially lucrative — for example, sports, action films, business news, light comedies, "news coverage" of celebrities and royalty, and certain types of popular music — the system is quite productive. For the more favored (meaning affluent) demographic groups, there is considerable choice within these genres, thanks to burgeoning growth in the number of media channels. And sometimes the system even produces remarkable documentaries, drama, and investigative journalism. When compiled into one list it can make for an impressive advertisement for the status quo. Hence John Leonard, after providing such a list in the *Nation,* praises U.S. commercial television as "weirdly democratic, multicultural, utopian, quixotic and more welcoming of difference and diversity than much of the audience that sits down to watch it with a surly agnosticism about reality itself."[81] But this caliber of analysis is akin to traveling to Brazil or India, observing how affluent are the lifestyles of the sizable upper-middle classes, and then concluding that the social orders of Brazil or India are fair and just. (Leonard also reveals a patronizing contempt for popular taste and attitudes, but that is another matter.) The real way to assess the content of the media system is to judge it in its entirety. By that standard, I believe the output is woeful in view of the massive resources these firms command.

Why does the system produce good stuff? There are two closely related reasons. First, the media giants are required to utilize the talents of some very creative people, and in doing so some good material gets produced. These creative talents often have quite different views of the world, and of desirable media content, from media owners and managers. Sometimes creative people have enough commercial success so as to earn a degree of freedom and independence from corporate media norms. Hence a Hollywood star can use her or his marketability to make a film like Warren Beatty's 1998 *Bulworth*, something that would be unthinkable for a Hollywood studio to produce otherwise. Likewise, Michael Moore has carved out a nice niche on the margins of the corporate media system, following the success of his *Roger and Me* documentary.[82] But the extent of this creative freedom is unclear, and those who exercise it like Beatty or Moore usually do so by willingly sacrificing considerable income. So for every Beatty or Moore there are many more prominent artists who internalize the dominant commercial mores — which is not especially difficult to do when one is a millionaire — and young creative people entering the industry learn early on the necessary values to achieve success. While creativity is a factor that breathes continual life into the media system, it is always an uphill fight. By its very nature the commercial system mitigates against creativity and has a difficult time establishing original commercially successful fare. It has 20/20 hindsight, always aping what has worked in the past or for competitors and then re-creating it without the initial spark. Hence U.S. cable television, with its plethora of channels, basically consists of each of the largest media conglomerates offering the same family of commercial-laden channels: business news, sports, reruns, movies, shopping, and music videos.

The second reason for the good fare is that commercial media giants strive to satisfy audience desires and audiences often want quality fare. In popular mythology the corporate media giants, in their pursuit of profit, eagerly and willingly "give the people what they

want," or face economic peril. In fact, corporate media are hardly the obedient servants of this mythology. I have laid out a systematic critique of this notion elsewhere, so let me add just one point here.[83] As much as demand creates supply, supply creates demand. Media conglomerates are risk-averse and continually return to what has been commercially successful in the past. Over time, this probably creates a demand in the fare that is commonly presented. There is little incentive in the system to *develop* public taste over time. (Often, so-called audience research is a circular process where consumers are permitted to choose from a narrow slate of the sort of commercially lucrative selections that are already widely distributed.)[84] Even media moguls are aware of this problem but powerless to address it. Richard Branson, founder of Virgin Records, chastised U.S. radio stations in 1998 for continually playing the same old material, hence making it nearly impossible to launch new musical genres or original acts.[85] "Classic rock didn't die — it was murdered by the consultants," a longtime New York radio figure commented. "Instead of playing a hundred of the great things that the Stones have done, they would pick five and wear them out."[86] Even classical music enthusiasts are despondent as classical stations largely play "greatest hits" or "lite" formats, leaving a new generation uneducated in the broader traditions. "The educational approach only leads to the graveyard," one classical radio station music director stated.[87]

Perhaps the clearest example of the complex relationship of audience demand and media supply is shown by the decline in foreign films in U.S. motion picture theaters in the last two decades of the twentieth century. In the mid-1970s, foreign films accounted for over 10 percent of the box office at U.S. theaters. Every decent-sized city had one or more theaters specializing in foreign films, and Manhattan alone had two dozen such theaters. By the mid-1980s the percentage of box office accounted for by foreign films was around 7 percent, and by the late 1990s it is down to under .5 percent. By the logic of the "give the people what they want" thesis, this development would reflect the fact that the American people decided that they were no longer interested in seeing non-U.S. films. But it was nothing like that at all. Instead, what this reflected was the rise to dominance in the United States of the chain-owned megaplex movie theaters. With far lower costs, these multiscreen cinemas drove nearly all the one-screen theaters out of business, the very theaters that had specialized in foreign fare. Megaplex chain theaters would only grant screens to foreign films if the filmmakers were as willing to devote massive amounts to U.S. marketing as U.S. studios could, something wholly unrealistic for them to do. As a result foreign films stopped being exhibited and a new generation has come along with no idea that foreign films even exist. This new generation is therefore highly unlikely to rent foreign film videos, either, as they have no familiarity with them. In short, supply has been the determinative factor in the collapse of demand.[88]

With tremendous pressure to attract audiences but to keep costs down and not take chances, the standard route of the media giants is to turn to the tried and true formulas of sex and violence, always attention getters. In what the trade publication *Variety* termed one of "the biggest political gaffes of the decade," in 1994 the broadcast industry agreed to subsidize detailed studies of TV content to ward off the potential for congressional hearings on the matter. In 1998 the study, conducted by the University of California at Santa Barbara's Center for Communications and Social Policy, concluded that for the third year in a row "violent TV shows account for 60% of TV programming, and that the amount of violence has steadily increased each year."[89] The most comprehensive economic analysis of violent programming on television concludes that violent fare results logically from the workings of the commercial broadcasting system. To the extent that the system factors in audience desires, it does so in a quite limited and commercially exploitable manner.[90] Likewise, the *New York Times* concluded in 1998 that "mainstream television this season is flaunting the most vulgar and explicit sex, language and behavior that it has ever sent into American homes."[91] Programming that features lurid and infantile discussions of sexual behavior, like talk shows hosted by Howard Stern or Jerry Springer, costs virtually nothing to produce and does not need to "develop" an audience. Indeed, when Stern's TV show plummeted in the ratings in 1998, the "racy" program, which featured Stern imploring his female guests to take off their clothes, remained on the air nonetheless. It was still profitable for CBS because "it costs next to nothing to produce."[92]

I would argue that the weaknesses in commercial media fare are long term, but that concentration and conglomeration have encouraged speed-up to what I term hypercommercialism throughout both the media system and the society writ large. Concentrated media control permits the largest media firms to increasingly commercialize their output with less and less fear of consumer reprisal. And conglomerated media control opens the door to vastly greater opportunities for commercial exploitation, the much ballyhooed synergies. The end result is that the integrity of the editorial fare produced by the media giants is greatly compromised, and it has become increasingly difficult to distinguish editorial from explicitly commercial fare, even from advertising. Of course nothing could ever indicate the folly of the notion that the commercial media system "gives the people what they want" more than the rise of this commercial carpetbombing. If there is anything people do not want or have not wanted, it is to be pummeled by commercialism at every turn. Or perhaps that is an exaggeration. Although people may have once been critical of hypercommercialism, perhaps they are becoming inured to it. In a political culture where commercialism appears to be a force of nature rather than something subject to political control, that would be a rational response over time.

This hypercommercialism is apparent across the media landscape. For generations, the nature of the music industry has had ambiguous effects on the content of popular music. At its best, commercialism has allowed musicians to be paid and has permitted the widespread dissemination, cross-pollination, and flowering of popular music. Rock 'n' roll, itself, was the result of this creative combination of commercialism with popular music genres in the late 1940s and early 1950s.[93] But commercial values, when they rule the roost, have proven deadly for artistic creativity. As the seminal jazz critic Sidney Finkelstein put it in 1948, commercialism appears acceptable if it refers to musicians earning income or to audiences having access to music, but in the end commercialism leads "to what is really destructive in culture: the taking over of an art by business."[94] More recently, a popular music scholar noted: "It is ironic that the music industry seeks to capitalize on such mixtures [of different musical genres], yet, in producing an organization to take advantage of this, the industry has a tendency to build walls within which 'creativity' can be contained."[95] Many of the great creative waves in rock 'n' roll have come from musicians eschewed by the corporate music companies at the time.[96]

Art X

Today, the "windows" of opportunity for exciting new popular music genres to develop before being incorporated into the commercial web have been shortened. If the original rock 'n' roll went a decade before Madison Avenue wised up to its promise, if the 1960s rock renaissance went years before meeting the same fate, and if the 1970s punk, reggae, and hiphop movements also were launched outside the corporate orbit and stayed there for a decisive incubation, by the 1990s the system was geared toward exploiting any "new" trend — or creating the trend if possible so as to have ownership — long before it could establish any artistic integrity. The logic of the corporate media system is to draw everything into the commercial web and to use marketing principles to maximize profit. The implications for popular music have been disastrous. Popular music and its attendant institutions like MTV and commercial radio, a *New York Times* critic wrote in 1998, "have become increasingly reliant on market research, primarily because ratings and circulation are so important to their advertisers. As a result," he concluded, "the mall rules" and "music is in a lull."[97] It is certainly ironic that this compulsive corporate behavior may have the ultimate effect of making the music industry much less important in the long run, and thereby hurting long-term commercial growth, but that is a matter outside the control of the individual giant media firm which must pursue its course or face competitive ruin.

Indeed, the 1990s have seen a systematic rationalization of the commercialization of the music industry into every possible aspect of its operations. Music has increasingly become a crucial area for "branding," and popular artists exploit themselves as brands to capitalize upon their names.[98] Gloria Estefan, for example, is building a "global entertainment franchise" that hawks Estefan-oriented merchandise, restaurants, and collectibles in addition to films, TV shows, and (almost incidentally) music.[99] But the Spice Girls make Estefan look like a piker; in November 1997, to accompany their new CD, they launched a "wave of endorsements and merchandising unprecedented in the music industry." There are Spice Girls bomber jackets, books, potato chips, calendars, key chains, and files. Marketers see the Spice Girls as a unique brand to reach the desirable four-to-six-year-old-girl market, among others.[100] Polaroid even created the SpiceCam as part of its "Expressions" line of cameras, promoted in advertising by the Spice Girls and targeting nine- to twelve-year-old girls.[101]

Increasingly these hypercommercial activities are seen as mandatory for commercial success in the music industry. This is not merely so that artists and recording companies can generate additional revenues; it is to ensure that they remain in the public eye, or ear. "We are looking for any way to enhance their visibility to any consumer

who is a potential record buyer," a Time Warner music executive stated regarding his roster of recording artists. "Not long ago," the *Wall Street Journal* observed in 1998, "a star could stay a star by getting a song played on the radio or a music video aired on MTV. . . . Now it's flashy commercialism and marketing alliances that keep a star bright (and richer by the minute)."[102] The "alternative" British band The Verve only made a splash in the United States (making the cover of *Rolling Stone* magazine, among other things) after one of its songs was the theme for a 1998 Nike television advertising campaign.[103] The same thing happened to the British group Republica, which only had a breakthrough by providing a song for a Mitsubishi Motors commercial. By the end of 1998, the *Wall Street Journal* observed that "hip, edgy rockers who once kept their distance from advertising now see commercials as a great promotional vehicle."[104] It does not require a genius to see the limitations for the art of music when commerce permeates it to such an extent. "The music industry is worse than ever," singer Patti Smith stated in a 1997 interview. "Rock 'n' roll is great because it's the people's art," she added. "But it's not ours anymore. Right now, rock 'n' roll belongs to business. We don't even own it."[105]

Book publishing, even more than music, has seen the greatest change as a result of concentration and conglomeration. Only a generation ago, U.S. book publishing was, for better or for worse, a moderately concentrated industry. Since the early 1980s there has been a shakeout in the number of firms, and now most of the remaining publishers are part of corporate media conglomerates. This has changed their operating logic considerably. In addition to shaping what manuscripts are considered market-worthy and what authors "bankable," there is increased pressure to publish and record writers and artists whose work complements products produced in other branches of these far-flung empires.[106] Viacom's Simon and Schuster, for example, has published a Nickelodeon imprint and a Beavis and Butt-Head series to "synergize" other Viacom properties. Although more titles than ever are being published — often due to the work of marginalized and struggling "independent" publishers — the big commercial publishers are emulating the Hollywood model of seeking out super-profitable blockbuster bestsellers and eschewing titles that might sell moderately well but have little chance of attaining blockbuster status.[107] Moreover, concentration within the industry has been accompanied by a sharp decrease in the attention given to book quality. While the number of books published has increased 42 percent since 1991, the number of book editors has declined by 11 percent over the same period, and by 16 percent in New York, where all the giants are headquartered. In sum, the brave new world of corporate publishing has "become a big, fat, screaming, mean, vicious, greedy, rude and crude fest," a senior editor at News Corp.'s HarperCollins commented in 1998.[108]

Concentration at the retail level is an important factor as well. The few chains that dominate bookselling are mostly interested in the biggest and best-selling books — books that have lots of promotion and commercial tie-ins — and this discourages publishers from handling the types of books that were more common on the lists of the big U.S. publishers twenty years ago.[109] The chains eject slow-moving books in as little as 120 days, making success very difficult for smaller presses, noncelebrity authors, or original topics.[110] Indeed, some publishers consult the chain retailers to see if they will carry a prospective book before they even authorize a contract for the author.[111] A similar shakeout among magazine distributors has had the effect of seeing small- and middle-circulation magazines increasingly dropped from newsstands, as it is more profitable for distributors with semimonopolistic holds on local and regional markets to concentrate on the handful of mass circulation titles that generate the most sales.[112]

Hypercommercialism has exploded in the film and television industries as well, no small feat in the latter considering its commercial pedigree. In 1998 NBC violated its long-standing stricture and began selling videos of its programs over the air during broadcasts. "NBC sold 100,000 copies of its 'Merlin' drama with just two 30 second spots," a media executive noted with astonishment. "The network created a new revenue stream."[113] "There is an untapped opportunity for networks in transactions," NBC executive Don Ohlmeyer stated. "This is about the future."[114] CBS broke another taboo in December 1998 when the fourteen stations it owns aired an infomercial during the "prime access" time slot, the period between the evening news and prime time.[115] "Product placement" within films and television shows has moved from being a fringe activity to becoming an important source of revenues.[116] Formally aligning a TV show or film with a number of marketers for cross-promotion has become standard operating procedure. A show like News Corp.'s *The Simpsons,* for example, has such tie-ins with four major firms, including Pepsi-Cola and Subway sandwiches.[117] Likewise, Time Warner inked a three-year deal with Frito-Lay in 1997, in which Warner Bros. characters will be used exclusively in Frito-Lay point-of-purchase displays the world over.[118] It also can penetrate the content of TV shows and films directly, in a much more ambitious version of product placement. In 1998 Disney's Miramax Films signed a deal with Tommy Hilfiger where the characters in a Miramax film will wear Hilfiger clothing and also appear, in character, in ads for Hilfiger jeans. According to Mr. Hilfiger, he will assist Miramax to "create personalities" for "the characters in the movie." "There is a very strong movement toward blending fashion and entertainment," he stated, as his company and Disney "are targeting the identical audience."[119]

It is difficult to exaggerate just how important the ties between global product marketers and media firms are becoming. The 1997 James Bond film, *Tomorrow Never Dies,* for example, had global promotional tie-in deals with Heineken, Avis Rent a Car, BMW of North America, Ericsson Corp.'s cellular phones, Heublein's, Smirnoff vodka, L'Oreal, and Visa.[120] This is now the norm. When Sony released *Godzilla* in 1998 it had a raft of promotional tie-in deals with literally scores of marketers, many of whom featured Godzilla themes prominently in major advertising campaigns. Taco Bell alone, for example, spent $60 million peddling Godzilla merchandise in its 7,000 restaurants. When the lame and formulaic movie atrophied at the box office, it sent shudders down Wall Street, as so many firms had partnered with it.[121] Disney came up with the title for its 1998 *Armageddon* even before it had a story. The point was to produce a live action film with the same sort of profit as *The Lion King.* Disney spent well over $60 million promoting a film that cost $140 million to make.[122] What does this mean for the art of filmmaking? The answer is self-evident. As one industry analyst put it, for the giant media conglomerate, "the movie is almost incidental."[123]

The hypercommercialism of the system increases exponentially when one considers the role of advertising. The sheer number of television ads has increased considerably on broadcast television in the past decade. All of the TV networks have increased the percentage of time devoted to advertising in the 1990s, with Disney's ABC the champion, having increased the amount of time give to commercials by 34 percent since 1989.[124] Some $120 billion is being spent by advertisers on U.S. media in 1998, and around $200 billion is being spent on U.S. advertising overall.[125] Television increasingly appears marinated in advertising and commercialism. As one advertising industry observer put it: "It should be noted that advertising clutter isn't confined to paid advertisements. From talk show hosts plugging their books to race car drivers wearing sponsor logos over every body part, clutter is everywhere."[126] This commercial deluge is taking a toll. As noted by one study, consumer "believability" in advertising dropped from 61 percent to 38 percent between 1987 and 1997.[127] To cut through the clutter, advertisers have resorted to "a new vulgarity and tastelessness" that is "transforming the content of advertising," as a 1998 *New York Times* report concluded. "The push to get noticed" has led advertisers "to do the advertising equivalent of dropping one's pants."[128]

Advertisers are not wed to media, and this clutter has them scurrying about attempting to locate new methods to brand their names on the public's mind. In 1997 Wal-Mart began showing ads on TV monitors to all its customers waiting in line to purchase products.[129] To promote home video release of its 1997 film *Liar, Liar,* Universal Pictures purchased sticker ads that were placed on twelve million Granny Smith and Fuji apples in U.S. supermarkets. "People look at 10 pieces of fruit before they pick one," stated the ad executive responsible for the idea, "so we get multiple impressions."[130] In 1998 Disney and Gillette both began putting advertising on the supermarket "adsticks" that separate customers groceries from each other's while they wait in the checkout line.[131] Some companies are beginning to play advertisements to their customers who are on hold.[132] One Florida-based long-distance telephone company even offered free calls if customers listened to advertising before being connected.[133] Movie theaters, too, are getting into the act: over one-half of the twenty-seven thousand U.S. movie screens now show advertisements before films, more than doubling the number of U.S. theaters that showed ads in 1993.[134] By 1997 the enormous Sony megaplex took the logic the furthest to date: one of its suburban Detroit theaters not only ran General Motors ads prior to feature films but also turned over the lobby and grounds to displays of GM products. Even sections of the theater's parking lot are identified not by row numbers but by the names of GM products.[135]

To capture public attention, some major advertisers are turning to having their brands incorporated into the structure of buildings so as to be indelibly stamped on the public mind.[136] Outdoor advertising (i.e., billboards) has enjoyed a renaissance in this environment.

Deals involving U.S outdoor advertising firms totaled $4.5 billion in 1997, up 80 percent over 1996. Outdoor advertisers have *doubled* their share of ad spending in the 1990s. The newest trend is "street furniture," where municipal governments let private interests provide bus shelters and newsstands permanently draped in the firm's advertising. New York awarded a $1 billion street furniture deal in 1998.[137] Another new trend is "bus wraps" and "building wraps," where entire vehicles or building walls are covered with a vinyl advertisement.[138] Along these lines, ad agencies now do "wild postings" for clients, where they plaster reams of poster-sized ads everywhere from construction sites to toll booths.[139] Another growing area of operations for advertising agencies is staging publicity stunts for corporations, as when General Motors sent a convoy of its new Corvettes on a journey across U.S. Route 66.[140] Other new locales for advertising include floors in public places, rental car audio tapes that greet customers, cash machines, and bathroom stall doors. In short, anything goes in the effort to capture the consumer's attention. As the *New York Times* concluded in 1998, we are in the midst of "an onslaught of ads that accost Americans at every turn."[141]

The media are well aware that clutter is a problem, but their concern is exclusively with satisfying advertisers, not viewers. NBC's solution is to run fewer but longer commercial breaks, so as not to lose viewers to channel-surfing. "The network is trying to figure out how to maximize retention while at the same time maximize revenue," a media executive stated. Its main solution has been to reduce the *number* of advertisers, not the amount of advertising. This leads to greater retention and pleases advertisers.[142] To address the complaints about the incessant advertising on its 1998 Winter Olympics telecasts, CBS began exploring the idea of running advertising continually during the programming in a portion of the screen, rather than reducing the number of commercial breaks.[143]

Moreover, to appease advertisers, media firms are increasingly giving them greater identification with and control over the programming. Procter & Gamble, one of the world's largest advertisers, has signed major production deals with both Sony's Columbia TriStar Television and with Viacom's Paramount to coproduce television programs.[144] P & G has already been coproducer of the TV programs *Sabrina, the Teenage Witch, Clueless,* and *Real TV.*[145] Some media executives say the P & G coproduction deals "may be the sign of things to come."[146] On television, there has been the beginning of a return to a formal "corporate sponsor" system of sponsorship, whereby a single company sponsors an entire program and is identified accordingly.[147] Interpublic, one of the three advertising corporations that dominates the global advertising agency business, has aggressively moved into working on program content to the benefit of its clients. As Interpublic's CEO put it, "We've always felt that longer term, there's going to be a closer relationship between agency, client and programming."[148]

The irony of media in the 1990s is that the vast expansion in cable channels was supposed to increase the power of consumers to control the fare: they would be free to pick and choose from a broader range of shows. Whether that has taken place is subject to debate, but it is clear that the increase in channels has given major advertisers far more negotiating leverage, and they can use their power to demand an increased role in the programming, so that their commercials cannot be as easily ignored by the viewers. Hence the expansion of channels has increased the commercialization of media, rather than decreasing it. (This is a point worth remembering when contemplating the future of the Internet and its alleged ability to liberate users from commercial influences.)

There are two aspects of media hypercommercialism, and both are key contributors to the general commercialization of U.S. culture. First is the trend within the media to ratchet up commercialism internally and therefore increasingly to subordinate editorial fare to commercial values and logic. This is what much of the discussion in this chapter has addressed. It may be symbolic that Barry Diller, creator of the Fox Network and widely regarded as one of the true media visionaries, has established a new TV network based on low-budget programming with an emphasis on sex and featuring infomercials and direct selling worked directly into the editorial content.[149] This trend is also revealed subtly by the increase in the number of prominent actors and musicians who now perform in television commercials. Until recently, this was something respected performers like Daniel Day-Lewis, Harrison Ford, or Jodie Foster only did in far-off Japan, so their "integrity" would not be compromised in the West.[150] Many "have since shed their scruples," the *Financial Times* observes, in view of the riches involved. And, increasingly, one might ask, what is the difference between starring in a film or TV show and appearing in an advertisement?[151]

The practice at Viacom, owner of MTV, is illustrative of this trend

as well. MTV explicitly provides editorial coverage — and ample promotional tie-ins — only to those film studios that purchase large amounts of advertising on MTV. MTV even requires the studios to pay the production costs for the special shows on MTV about their movies. "Some magazines and newspapers have come under fire for blurring the line between paid advertising and editorial content," the *Wall Street Journal* observes. "At MTV and its sister networks, VH1 and Nickelodeon, the line has simply disappeared."[152] The Disney-Comcast cable channel E! ventured into similar territory in 1998 when it incorporated sponsor Miller Lite beer directly into the editorial content of its hit show *Talk Soup*.[153] Perhaps the most explicit signal of this direction has been the return of "payola," the process whereby music companies paid radio stations to play their label's artists. Fiercely prosecuted and reviled from the 1950s onward, the process has become legal today, as long as there is an over-the-air acknowledgment of the practice.[154] The British capitalist Richard Branson captured the irony of the situation: "It used to be called payola, and if they got caught, DJs used to get fired. But now the money goes to [station] owners and it's legitimate."[155] By the end of 1998 the *Los Angeles Times* and the *Orlando Sentinel* published evidence that the largest radio station groups were skirting the on-air acknowledgment of payola, yet effectively engaging in the process. "Industry mergers have shifted the balance of power to radio groups, which today have the clout to launch a song simultaneously in scores of markets across the country — or consign it to oblivion."[156]

The second trend is the spread of media conglomerates externally to new areas of social life. This spread is not entirely new — media firms have ventured out of their traditional domain for generations — but the rise of conglomeration has made the prospect increasingly lucrative and hence accelerated the process considerably. Take amusement parks, and the broader area of leisure and recreation for example. Commercial amusement parks have been around for most of the century, but it was Disneyland in the 1950s that showed what a huge market it could provide. Today several of the media giants, including Time Warner and Seagram, have amusement parks, though none approach Disney's empire. They all aspire to exploit every moment for its commercial potential.[157] Disney has even established a commercial zoo, "Animal Kingdom," at its Orlando, Florida, complex.[158] Disney also launched twenty DisneyQuest "virtual reality" mall entertainment centers in 1998, all of which will play upon

Disney "brands."[159] The notion of public parks and recreation is rapidly giving way to a world of privatized and commercialized leisure, conducted under the masterful touch of the media giants.

Even more striking is the aggressive move of the media conglomerates and advertisers to dominate U.S. spectator sports. Prior to the 1950s spectator sport and media had a symbiotic relationship, where sports coverage in the press increased fan interest and fan interest in sports sold magazines and newspapers. But with the rise of commercial broadcast sports in the 1950s the economics and relationship began to change. Over time broadcast rights payments became the most dynamic and important component of sport revenues, and these payments were based entirely upon what advertisers were willing to pay to reach sport viewers and listeners.[160] By the 1990s, U.S. professional (and, arguably, major collegiate) sport leagues were effectively part of the commercial media and advertising industries.[161]

The change was reflected in the number of major media conglomerates that purchased sports teams to be certain to assure content for their media properties. These include Time Warner (Atlanta Hawks, Atlanta Braves), Disney (Anaheim Angels, Anaheim Mighty Ducks), News Corp. (Los Angeles Dodgers, minority stakes in the New York Knicks and the New York Rangers, option to rights in the Los Angeles Lakers and the Los Angeles Kings), Tribune Company (Chicago Cubs), and Hicks Muse (Texas Rangers, Dallas Stars), among others. In all, some twenty-eight U.S. major league sport franchises are now controlled by media companies.[162] Media conglomerates have even contemplated establishing new sports leagues if they were boxed out of TV rights to existing leagues. In 1998, for example, GE and Time Warner discussed the launch of a new pro football league, after losing out in the bidding rights to the NFL.[163] Likewise, News Corp. and CBS contemplated launching a men's basketball league to compete with the NBA, when it looked like a management lockout might create an opening to grab the most marketable players.[164] And Disney, Viacom, and News Corp. have each established versions of "extreme" sports competitions, specifically designed to hit the youth market desirable to advertisers.[165] Explicit ownership of teams and especially leagues makes the most sense for media giants; then they can fully exploit the synergies and commercial possibilities of sport without having to make extravagant rights-fee payment to team owners, who contribute nothing but earn "rent" by having ownership over valuable franchises.[166] At any rate,

the face of sport has been commercialized almost beyond recognition in the past generation. For those who are not immediate financial beneficiaries of this process, it is difficult to see how it has improved the sport experience at all.

Even the Broadway theater industry, for example, which was once the locale of promoters independent of the balance of the entertainment industry, is becoming incorporated into the webs of the media giants and commercial sponsors. Stage productions fit naturally into the synergistic world of conglomerates. Disney, again, is the leader of the pack, with a Broadway theater next to its Disney Store in New York's Theater District.[167] The box office for its *Beauty and the Beast* stage play has been $500 million, generating an operating income of $200 million. Its subsequent stage version of *The Lion King* is producing similar numbers. Other Hollywood studios are making plans for their own stage forays.[168]

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All of these trends culminate in the rampant commercialization of U.S. childhood. Children and young people are seen as singularly important for advertisers. "More and more companies are realizing," the head of the Fox Family Channel stated, "that if you develop a loyalty with the kids of today they eventually become the adults of tomorrow."[169] Moreover, children are seen as determining a significant number of their family's purchases. "If you have kids, I guarantee you go home and ask the kids, 'What do you want to eat?' or 'What do you want at the store?'" one marketing consultant explains. "The parent doesn't want to get anything the kid is going to complain about. It's not efficient."[170] Moreover, children aged four to twelve are a formidable market in their own right. They spent $24 billion in 1997, three times the figure a decade earlier.[171] And no better medium exists for the delivery of the youth market than television. By age seven, the average American child is watching fourteen hundred hours and twenty thousand TV commercials per year, and by age twelve his or her preferences are stored in massive data banks maintained by marketers of consumer goods.[172] In the 1990s commercial television for children may well have been the most rapid growing and lucrative sector of the U.S. industry, with 1998 ad revenues pegged at approximately $1 billion.[173] Each of the four largest U.S. media giants has a full-time children's cable TV channel to capture the thirty-nine million viewers aged two to eleven.[174] Opening another frontier in 1997, Disney launched a nationwide children's radio network to meet the "great demand by advertisers for kid media." Surveys show that 91 percent of U.S. kids under age twelve listen to radio every week.[175]

Although advertisers see television as the golden path to gaining children's attention, the overall clutter of TV programming puts extreme pressure on each advertisement to distinguish itself from all the others. By the end of 1997, the use of graphic violence — always an attention getter — was growing more common in TV ads aimed at children and youth.[176] In 1998 broadcasters began targeting one-year-olds to get a toehold on the youth market. In a moment of candor, one Time Warner children's television executive conceded that "there's something vaguely evil" about programming to kids that young.[177] While advertisers and media giants have major incentives to exploit the children's market, they have no incentive to consider the social implications of their combined efforts. One thing that is certain is that they are training a generation of world-class shoppers. A 1997 survey showed that 80 percent of girls aged thirteen to seventeen stated they "loved to shop," and they made 40 percent more trips to the mall than other shoppers.[178] And we are also training a generation of couch potatoes; as one exercise physiologist put it, American young people "are dying for some exercise."[179] Commercial television is certainly not to be held responsible for all the afflictions of America's youth, but it figures in any explanation.

Both advertisers and corporate media have also set their sights on expanding externally into the one children's institution that has traditionally remained off-limits to commercialism, schools.[180] The commercialization of education is taking place on several fronts, assisted by the fiscal crisis that has placed many schools, public and private, in dire economic straits. Firms are now paying to have their brands advertised in student textbooks.[181] Fast food, snack, and soft drink firms have launched a successful head-on assault on school cafeterias, where they establish brand identities and make immediate sales as well.[182] By the late 1990s Coca-Cola and Pepsi were locked in a pitched battle to gain contracts to be the exclusive soft drink providers to public schools, using the schools to aggressively promote their product to students.[183] This trend reached the point of absurdity in 1998 when a Georgia high school student was suspended for wearing a Pepsi shirt to school on a day when all students were told to wear Coke shirts for a Coke promotional campaign in which the school was participating.[184]

As a result of its own study, *Business Week* magazine concluded in

1997 that "Corporations are flooding schools with teaching aids — and propaganda."[185] Channel One, an advertising-supported television program for use in schools, is now shown in twelve thousand U.S. schools — some 40 percent of the total number of schools. It bills itself as the leading advertising vehicle to reach "tweens," meaning kids aged nine to fourteen.[186] Major advertisers like Pepsi and Reebok are using Channel One to run promotions with students and to connect their school advertising to their other media activities. In the late 1990s Channel One has become much more aggressive; it now uses teachers and principals in promotional campaigns with major advertisers.[187] In December 1998 Channel One signed a five-year contract with Nielsen Media Research. Nielsen will provide detailed information on Channel One's eight million daily viewers for the firms that pay $200,000 for thirty-second commercials on its program.[188]

The thoroughgoing commercialization of U.S. education is far from complete, and many parents' and teachers' groups continue to oppose it. But the free market political right, led by aging market advocate Milton Friedman, has made the elimination of traditional commercial-free public education the centerpiece of its political agenda for the coming generation.[189] The goal is school vouchers, with public monies paid to private schools. This would almost certainly enhance commercialism at public schools, as their need for money would increase as students take their vouchers to private schools. It would also reduce the role of public education dramatically in the United States, resulting in a tiered educational system, with the best education going to the most accomplished children and, more important, those with the most affluent parents.[190] "We need the same revolution in education that we have had in television and telecommunications," Ralph Reed said in 1998.[191] In the investment community there is already speculation that traditional education as a public service is collapsing, and a hybrid of educational high technology and commercial entertainment will eventually become the primary means of "educating" American kids — as prospective workers and potential consumers. In that case, Disney and the other media giants are poised to capitalize upon the new market.[192]

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At any rate, the cultural landscape of the United States is vastly more commercial at the end of the 1990s than it was a generation earlier, and all signs point to further commercial expansion into every nook and cranny of social life. The media giants are not the only participants in this commercial charge; the conversion of traditional high culture, for example, from mostly noncommercial status to the "mega-exhibition, complete with helium-filled hype, souvenir soap and corporate sponsorship," is not the work of the media giants but rather of the major advertisers themselves.[193] As one scholar of high culture concluded, in the 1980s and 1990s "businesses successfully transformed art museums and galleries into their own public-relations vehicles, by taking over the function, and exploiting the social status, that cultural institutions have in our society."[194]

And, indeed, commercialism is not something entirely new; it has been an important theme in the United States throughout its history. But this assertion must be qualified: there is an enormous difference between the degree and nature of commercialism in the United States in, say, 1830 or 1880 or even 1950 or 1970, and what is emerging today. At the dawn of the twenty-first century, the quantitative increase in commercialism may be producing a qualitative change in its role and impact in our society. Along these lines, one of the fastest areas of growth in the 1990s has been the rise of corporate brand licensing — valued at $16 billion in 1997 — where firms lease or use their own trademarks and logos on other unrelated products. The markers of our culture are increasingly those of big business.[195] This should be no surprise, since large corporations and their values so dominate the U.S. economy and polity. It is fitting, then, that GE's NBC found a large market when it decided to market versions of its "Must See TV" slogan to other merchandisers.[196]

Farewell to Journalism

The other side of the coin of commercialization is the decline and marginalization of any public service values among the media, placing the status of notions on nonmarket public service in jeopardy across society. As much as earlier U.S. societies were driven by commerce and profit-seeking, they also tolerated nonprofit and noncommercial institutions and values. In today's hypercommercialized society, on the other hand, the commercial values of maximum profit and sales ballyhoo *über alles* have overwhelmed the vestiges of public service in the media. In chapter 5 I review the decline of U.S. public service broadcasting, and in the next section of this chapter I review the deterioration of Federal Communications Commission (FCC) regulation designed to force commercial broadcasters to provide public service programming. But these attempts at public service in the United States have never amounted to much in any case. In what follows I focus on the one area that traditionally has been regarded as the defining public service of the U.S. media system — its commitment to strong, trustworthy, and reliable journalism.

Journalism has been regarded as a public service by all of the commercial media throughout this century. In particular, commercial broadcasters displayed their public service through the establishment of ample news divisions. These were largely noncommercial during broadcasting's early years and did not become a "profit center" until the 1970s. Historically, journalism is something that newspapers, magazines, broadcasters, and journalism schools regarded as an activity directed toward noncommercial aims that are fundamental to a democracy — aims that could not be bought and sold by powerful interests. Professional journalism was predicated on the notion that its content should not be shaped by the dictates of owners and advertisers, or by the biases of the editors and reporters, but rather by core public service values. For much of the twentieth century the media corporations have brandished their commitment to the high ideals of journalism as their main explanation for why they deserve First Amendment protection and a special place in the political economy.

ideal

Of course, in practice, professional journalism has never enjoyed the independence from corporate or commercial pressure suggested by its rhetoric. It did not develop in the early twentieth century as the result of a philosophical effort to improve the caliber of journalism for democracy. To the contrary, professional journalism emerged as a pragmatic response to the commercial limitations of partisan journalism in the new era of chain newspapers, advertising support, and one-newspaper towns. In such an environment, partisanship only antagonized much of the market, upset advertisers, and called into question the entire legitimacy of the news product. As Bagdikian has shown, professional journalism is severely compromised as a democratic agency in numerous ways. To avoid the controversy associated with determining what is a legitimate news story, professional journalism relies upon official sources as the basis for stories. This gives those in positions of power (and the public relations industry, which developed at the exact same time as professional journalism) considerable ability to influence what is covered in the news. Moreover, professional journalism tends to demand "news hooks" — some sort of news event — to justify publication. This means that long-term public issues, like racism or suburban sprawl, tend to fall by the wayside, and there is little emphasis on providing the historical and ideological context necessary to bring public issues to life for readers. Finally, professional journalism internalizes the notion that business is the proper steward of society, so that the stunning combination of ample flattering attention to the affairs of business in the news with a virtual blackout of labor coverage is taken as "natural." In combination these trends have had the effect not only of wiring pro–status quo biases directly into the professional code of conduct but also of keeping journalists blissfully unaware of the compromises with authority they make as they go about their daily rounds.[197] It is far from politically neutral or "objective."

Professional journalism is arguably at its worst when the U.S. upper class — the wealthiest 1 or 2 percent of the population, the owners of most of the productive wealth, as well as the top corporate executives and government officials — is in agreement on an issue. In such cases (for example, the innate right of the United States to invade another nation or the equation of private property and the pursuit of profit with democracy), media will tend to accept the elite position as revealed truth and never subject the notion to questioning. The classic example of this phenomenon today is the virtual blackout of media coverage of the CIA, to be discussed below, and of the military budget. There is no known explanation for the $250–300 billion annual military budget in the post–cold war world and, interestingly, the media never press politicians to provide one. Why is this? Military spending is the one form of government largess that directly harms no notable upper-class interests, while at the same time actively promoting some elite interests. So while the media on occasion will analyze school budgets, public broadcasting proposals, and health care and welfare spending in detail to see if the monies are being spent wisely, there is barely any media examination of the military budget, which is in effect a cash cow for powerful elements of the corporate community.[198] Members of the press, to the extent they even recognize the problem, defend their lack of interest in military spending by noting that the dominant political parties are not debating the matter so therefore it is not a legitimate issue. (So it was in 1999 that the Clinton administration proposed to *increase* the annual military budget by $100 billion over six years to the hearty approval of Republican leaders. The tenor of the press coverage was

to emphasize that this was the first *real* increase in the military budget since 1991 — as if that, alone, justified the increase — precisely as the Pentagon, the military-industrial complex, the Clinton administration, and the Republicans wished the issue to be framed.)[199] But such a defense points exactly to the limitations of professional journalism as a democratic force, particularly in a society where commercial forces dominate the political culture.

Professional journalism is arguably at its best, then, when elites disagree on an issue — such as whether a specific U.S. invasion was tactically sound or not — or when the issue does not affect upper-class interests directly (e.g., abortion rights, school prayer, flag burning, gay rights, affirmative action). In some circumstances, too, domestic non-elite constituencies can be so strong, like organized labor, as to have some mitigating effect on elite pressures and the logic of the system. In instances like these, professional journalism has been capable of producing commendable work.[200] After World War II this caliber of professional journalism prospered and developed a certain amount of autonomy from the dictates of owners and advertisers, and from the corporate sector as a whole. At times, this journalism has thrived and produced exemplary coverage. But journalism has always been a struggle, and even in the best of times journalists have had to contend directly and indirectly with powerful corporate, commercial, and government forces that wanted to neuter or corrupt their enterprise. By the 1990s, traditional professional journalism was in marked retreat from its standards of the postwar years, due to the tidal wave of commercial pressure brought on by the corporate media system.

The decline, even collapse, of journalism as a public service is apparent in every facet of the media.[201] For network and national cable television, news has gone from being a loss-leader and a mark of network prestige to being a major producer of network profit. At present, NBC enjoys what is regarded as "the most profitable broadcast news division in the history of television," with annual advertising revenues topping $100 million.[202] NBC is renowned not so much for the quality of its news as for its extraordinary success in squeezing profit from it. NBC uses QNBC, a high-tech statistical service, to analyze its news reports to see exactly how its desired target audience is reacting to different news stories, and to the ads. Its goal is to have a "boundaryless" flow across the program so as to satisfy those paying the bills.[203] Arthur Kent, the NBC correspondent who gained fame for his coverage of the 1990–91 Gulf War, left the network and has published a damning exposé of GE's ongoing efforts to cheapen, degrade, and censor the news. "The people who constitute the conscience of the broadcast news discipline — working journalists — now have less real influence on the daily news agenda than ever before," Kent wrote, "and they face harsh treatment from management if they speak out."[204] In particular, Kent chronicles GE's opposition to NBC News examining any of GE's business operations. This is emerging as a significant problem in the age of conglomerate-controlled journalism. In 1998, Disney-owned ABC News rejected a report by its leading investigative correspondent exposing labor and safety practices at Disney World in Florida. Although ABC News claimed the cancellation was due to factors other than the identity of the subject, the stench of conflict-of-interest could not help but fill the air.[205]

Nor is Kent alone in his assessment. Whereas only ten or fifteen years ago prominent journalists were among the staunchest defenders of the commercial media system, today, in what amounts to almost a sea change, journalists have emerged as among its foremost critics. "Our big corporate owners, infected with the greed that marks the end of the 20th Century, stretch constantly for ever-increasing profit, condemning quality to take the hindmost," observes Walter Cronkite. They are "compromising journalistic integrity in the mad scramble for ratings and circulation."[206] "In any honest appraisal of the state of the press," David Broder, veteran *Washington Post* columnist, noted in a eulogy for journalist Ann Devroy in 1998, "the values that defined Ann Devroy's life are increasingly in jeopardy. Media companies — especially those which are part of mega-corporations — show little respect for that responsibility and professionalism Ann demonstrated every day in her work."[207] Richard Reeves concluded in 1998 that after a decade of corporate concentration and commercialism, the United States could be characterized as being in an era of the End of News. Reeves defined "real news" as what "you and I need to keep our freedom — accurate and timely information on laws and wars, police and politicians, taxes and toxics." As Reeves notes, what has been regarded as good journalism is seen as very bad business by those who rule the media world.[208]

Of course many, perhaps most, working journalists remain dedicated to providing a public service independent of the commercial needs or political aims of their owners and advertisers. And even in

the horrid context we are describing some superb journalism is produced. Disney's ESPN, for example, which counts Nike and Reebok among its major advertisers, aired an extraordinary exposé of Asian shoe manufacturing sweatshops in 1998. In November 1998 *Time* ran a magnificent and unprecedented investigative series exposing corporate welfare. CNN and CBS's *60 Minutes* periodically do investigative reports, too, that remind one of what journalism is supposed to be. But regrettably these are the exceptions that go against the trajectory, and most journalists who remain in the commercial news media come to internalize the dominant values if they wish to be successful and to be at peace with themselves.

Indeed, the overriding commercialism of contemporary journalism has been adapted as well by the leading editors and reporters. As James Fallows chronicles in depressing detail in *Breaking the News,* the superstars of journalism are increasingly those who do fairly mindless TV shows, give lectures for exorbitant fees, and generally earn annual incomes approaching seven figures.[209] One almost had to feel sympathy for the CNN correspondent who was reprimanded in 1997 after he did a television commercial as a spokesperson for Visa USA; his role in the commercial had been originally cleared by CNN and it certainly seemed in keeping with the commercial thrust of television journalism. His crime, it would seem, was being caught, or being a small fry.[210] In 1998, recently retired ABC news anchor David Brinkley began doing advertisements for the Archer Daniels Midland corporation that ran on his old *This Week* program.[211] ABC stopped running the spots only after controversy erupted, after having aired them initially so as not to antagonize one of its most important sponsors.[212] (Archer Daniels Midland is the agribusiness firm that had to pay a $100 million fine for price-fixing and that has shown a distinct self-interest in the outcome of environmental, regulatory, and agricultural policy debates.)[213] *Advertising Age* captured the irony of the Brinkley situation: "Journalists have raised the biggest racket about Mr. Brinkley's new job, even as they solicit paid speeches from groups they could be reporting on."[214]

If, as mentioned above, media conglomerates discourage their news divisions from examining their corporate operations, these giants have fewer qualms about using their control over journalism to promote their other media holdings. In 1996, for example, the news story that NBC gave the *most* time to was the Summer Olympics in Atlanta, an event that did not even rank among the top ten stories covered by CBS, ABC, or CNN. What explains NBC's devotion to this story? NBC had the television rights to the Olympics and used its nightly news to pump up the ratings for its prime-time coverage.[215] According to the *New York Times,* "various shows on ABC, now owned by Disney, have devoted a great deal of time to several movies produced by Disney, although the network has maintained in each instance that there was justified journalistic interest in the films."[216]

But the main concern of the media giants is to make journalism directly profitable, and there are a couple of proven ways to do that. First, lay off as many reporters as possible. The corporate news media has been doing this in spurts since the mid-1980s, and several of the network TV news operations made major layoffs again in 1998.[217] Second, concentrate upon stories that are inexpensive and easy to cover, like celebrity lifestyle pieces, court cases, plane crashes, crime stories, and shootouts.[218] Not only are such stories cheaper to cover and air, they hardly ever enmesh the parent corporation in controversy, as do "hard" news stories. Consider network TV news. International news has declined from 45 percent of the network TV news total in the early 1970s to 13.5 percent in 1995. Most of this drop took place in the 1990s after the end of the cold war, but since this was also the period of the rise of the global economy, one might reasonably expect TV's international coverage to remain at earlier levels if not increase.[219] What replaced the expensive international news? The annual number of crime stories on network TV news programs *tripled* from 1990–92 to 1993–96.[220] In one revealing example, CNN addressed a decline in ratings in the summer of 1997 by broadcasting a much-publicized interview with O. J. Simpson.[221]

local worse

As bad as this seems, local television news is considerably worse. One recent detailed content analysis of local TV news in fifty-five markets in thirty-five states concludes that local news tends to feature crime and violence, triviality, and celebrity, and that some stations devoted more airtime to commercials than to news.[222] Another detailed study, this time a content analysis of the local news on 102 stations in fifty-two markets on March 11, 1998, reported that 40 percent of the news was "about crime, disaster, war, or terrorism." This was generally visually stimulating material taken inexpensively off a satellite feed that had no public policy implications for local communities. Another 25 percent of the local news was deemed "fluff," including "stories about hair tattoos, beer baths, a dog returning home and a horse rescued from mud in California."[223] In the

winter of 1997–98, local TV news programs in Los Angeles turned the airwaves over to the live coverage of several prolonged car chases à la O. J. Simpson, though the significance of the chases seems to have eluded even the broadcast news anchors.[224] As a writer for the *New York Times Magazine* concluded in 1998: "Most anyone in the press and academia who has given it much thought has concluded that while there are exceptions, local television news is atrocious."[225] Besides making it ever more difficult, even impossible, to have an informed citizenry, lame local news can have stark material consequences. A 1998 study of local television news in Baltimore concluded that the extreme focus on crime stories, with a strong racial twist, was an important factor in a declining general perception of the quality of life in Baltimore, leading to business exodus and job loss.[226]

The attack on journalism is every bit as pronounced in the nation's newspapers. Newspaper coverage of international news, for example, declined by an even greater percentage than that of network TV news between the 1970s and 1990s.[227] The concentration of ownership into local monopolies that are part of large national chains gives the media corporations considerable power to reduce the resource commitment to journalism, thus fattening the bottom line. Gannett showed the genius of this approach as it built its empire over the past thirty-five years. Since purchasing the *Des Moines Register* in the 1980s, for example, it has slashed the paper's once-extraordinary coverage of state affairs to the bone.[228] To cut costs, these corporate giants are increasingly using temporary labor to serve as reporters and photographers.[229] In addition, there is implicit pressure on editors and reporters to accept marketing principles and to be "more reader friendly."[230] This means an emphasis upon lifestyle and consumer issues that strongly appeal to sought-after readers and advertisers.[231] "Marketing," one reporter stated in 1997, "these days means spending more time focusing on the things that concern the people who have all the money and who live in the suburbs."[232] A telling indication of this turn came in Detroit, where the city's last full-time labor reporting position at the *Detroit Free Press* was eliminated in 1998, while the newspaper added fifteen new editorial positions in the suburbs.[233] In 1998 the massive Times-Mirror newspaper chain asked three of its most prominent reporters to write portions of its annual report, a task usually assigned to accountants and public relations officials.[234]

In perhaps the most publicized new measure, the Times-Mirror's flagship *Los Angeles Times* in 1997 appointed a business manager to be "general manager for news" and directly oversee the editorial product to ensure that it conformed to the best commercial interests of the newspaper.[235] *Times* publisher Mark Willes informed *Forbes* magazine that he intended to tear down the "Chinese wall between editors and business staffers" with "a Bazooka if necessary." In June 1998 Willes authorized his editorial staff to participate in an unprecedented "Day with the *Los Angeles Times*" sponsored by the local public relations community. This session included having local PR officials learn more about Willes's plans for increasing the editorial-business cooperation at the newspaper and how this could work to their clients' advantage.[236] A sense of what this leads to came in 1998 when Willes wrote a memorandum to his editorial staff saying that the paper could attract more women readers by offering more emotional and less analytical articles. He later apologized for the stereotyping of women, but not for his attitude toward journalism.[237] Investors are wild about Willes and his plans for journalism; "Wall Street has loved Willes from the first," *Forbes* notes.[238] The editor of the trade publication *Advertising Age* applauded Willes's reforms wholeheartedly: "Is it a sin to try to come up with ideas advertisers respond to? Are editorial people selling out when they work with ad people to . . . attract more advertisers? I don't think so; in fact, that's their job."[239] It may say a great deal about the state of journalism that among publishers Willes sometimes is held up as the "liberal" protector of journalism values, in contrast to the CEO of Cowles Media, who argues that newspapers should have no qualms about writing favorable pieces about major advertisers.[240]

What is happening at the prestigious *Los Angeles Times* in fact only makes explicit a growing trend in journalism: the need to serve commercial needs first and foremost. On balance, magazine journalism has had less concern with keeping a formal separation between advertising and editorial content for years; in 1997 the *Wall Street Journal* reported that some major national advertisers demanded to know the contents of specific issues of magazines before they would agree to place ads in them.[241] In the immediate aftermath, reports described numerous other incidents of advertiser scrutiny, implying censorship of magazine editorial content.[242] This caused a public outcry, with magazine editors and publishers formally denouncing the practice.[243]

By the end of the 1990s major magazine publishers like Time Warner and Newhouse's Condé Nast have "corporate marketing departments" whose purpose is to help their magazines work with advertisers so that the magazine becomes "an integral part of the [advertising] message," and to help "advertisers adjust their image in hopes of increasing their sales." The logic is such that major advertisers are increasingly in a position to demand favorable treatment. "Let's be honest," the president of Chanel confessed, "I think you want to support those magazines which — from an editorial point of view — support you."[244] In 1998 both *Time* and *Martha Stewart Living* featured special sections or entire issues with just one advertiser and permitted the advertiser to participate to varying degrees in the editorial planning for the issue.[245] But even if advertisers are not officially vetting the contents of magazines, and even if publishers are not explicitly ordering their editors to serve advertisers first and foremost, the message has been underlined and bold-faced: what editors and reporters do will directly affect both their own and their magazine's fortunes.

Perhaps some sense of the general commercialization of editorial content came in 1998 when Tina Brown quit her position as editor of the *New Yorker*, perhaps the most respected U.S. commercial publication, to go to work on a new magazine and other projects for Disney's Miramax subsidiary. "I feel the kind of movies [Miramax] makes are the kind of journalism we try to do," Brown stated. They "have this incredible gift for making good things commercial." Brown's partner in the new venture is Ron Galotti, former publisher of *Vogue*. Galotti and Brown will produce a magazine explicitly designed to produce synergies, that is, to generate stories that will turn into good TV programs and movies.[246] And the synergies extend to advertisers. As Galotti put it, he and Brown will be able to help major magazine advertisers get their "tentacles into the Hollywood area." "I think clients are looking for out-of-the-box ideas and ways to position products and brand their products." Galotti said that advertisers in Brown's new magazine could look for product placements in Miramax films, among other things. But there is no need to worry, according to Galotti, because "the editorial aspect of the magazine will have no commercial overtone at all."[247] This, then, would seem to be the nature of editorial integrity in the era of commercialized journalism.

There are some who argue that this turn to trivia and fluff mas-

one of commodity
news disappear

querading as news is ultimately going to harm the media corporations' profitability. As more and more people realize they no longer have any particular need to read or watch the news, and news is competing with the entire world of entertainment for attention, its readership and audience may simply disappear. Whether that is true or false is impossible to say, but the media corporations, by their actions, have made it clear that they prefer to take their profits now rather than make a lot less money now for a chance at pie-in-the-sky profits far down the road. In fact, it would be highly irrational business conduct for the dominant media firms to approach journalism in any manner other than the way they presently do.

Several incidents surrounding major news stories and journalists in 1998 point to the severe limitations of contemporary journalism as a democratic agency. On the one hand, the corporate sector is increasingly exempt from any sustained critical examination *from a public interest perspective.* (Serious examination of certain aspects of corporate behavior to provide information to the investment community, of course, is one of the main functions of the business press.) In May 1998, for example, the *Cincinnati Enquirer* ran an eighteen-page investigative report on Cincinnati-based Chiquita Brands International that chronicled in detail the unethical and illegal business practices of Chiquita overseas. The factually based story seemed a potential Pulitzer Prize winner. Chiquita, however, determined one of the reporters had gleaned some of the information for the report from illegally obtained voice mail messages and sued the newspaper. The *Enquirer* folded, giving Chiquita $10 million, formally retracting the series, and firing the reporter in question. It is worth reiterating that the truth of the story itself has never been disproven.[248]

This threat of libel is often pointed to as an explanation for commercial media's unwillingness to go after wealthy corporations, and there is an element of truth to this.[249] But this can only partially explain the seeming hostility to the very notion of investigative journalism. A News Corp. station fired two television reporters in December 1997 for refusing to water down and create a misleading impression of their investigative report on Monsanto. The report never aired.[250] And CBS's leading consumer reporter, Roberta Baskin, who was responsible for an acclaimed 1996 exposé of Nike's labor practices in Vietnam, was demoted and stripped of her support staff in 1998. What was her apparent crime? She had protested too loudly when CBS on-camera correspondents wore the Nike logo and Nike gear

during the CBS telecasts of the 1998 Winter Olympics, for which Nike was a major sponsor.[251]

On the other hand, in 1998 the corporate news media faced — and failed — their moment of truth with regard to how they cover those government agencies that primarily serve elite interests — the CIA and the military. This is not a new development, as I noted above, and the media have had a distinct double standard as they investigate the affairs of state. Those government activities that serve primarily the poor or the middle class (e.g., welfare and public education) are often subject to close scrutiny, whereas those operations that serve some powerful interests and harm others can also receive vigorous coverage (e.g., tobacco subsidies and regulations against smoking). But intelligence, foreign policy, and military operations are conducted primarily to serve the needs of the elite, and while some powerful interests may not benefit as much as others, none are penalized by these activities and all benefit from having the government commissioned to act in defense of corporate power abroad. The extent of the debate on these issues historically has reflected the extent to which the elite itself was split over specific military actions, such as the Vietnam War after 1967 or 1968. During the cold war this clear double standard that journalists applied toward different types of government activities was justified — for better or, in my opinion, for worse — on grounds of national security. It was fueled by an intense anti-Communism that made it "natural" to apply vastly different standards to the U.S. government and its official enemies. But since the demise of the communist "threat," this justification for treating with kid gloves what some call the national security state has evaporated. It was only a matter of time until some principled mainstream journalists began applying the same standards to the CIA and the military that they were encouraged to apply to welfare spending and onerous business regulations.

That moment came in 1996 when the *San Jose Mercury News* ran Gary Webb's exposé on the CIA's connection to drug dealing in U.S. inner cities. The balance of the media ignored the story, until pressure from the African-American community forced a response. The main gatekeepers — the *New York Times, Washington Post,* and *Los Angeles Times* — all published attacks on the *Mercury News* story. After all, if a story like this was true, it called into question the entire "free press" that had been asleep at the switch for decades while all of this was going on. Finally, the *Mercury News* published a retraction for the story and Webb was demoted and ultimately forced to leave the paper. What received little attention, however, was that extensive subsequent research effectively supported the thrust of Webb's allegations, and, indeed, suggested they were only the tip of the iceberg.[252] Moreover, due to pressure from the congressional Black Caucus, the CIA agreed to do an internal investigation of Webb's charges. The in-house report did not disprove and, indeed, effectively supported Webb's claims, acknowledging that the CIA had relations with drug dealers throughout the 1980s. Yet, aside from brief mention, the matter was ignored in toto in the commercial news media.[253]

Another 1998 incident also reveals this trend. In June Time Warner's CNN formally retracted an investigative story it had run concerning the possible use of sarin, a nerve gas, by the U.S. military on deserters in the Vietnam War. Although the exact truth of the story has yet to be determined, what was striking was how quickly the CNN executives folded to pressure from the military-industrial complex. A story that took nearly a year to produce, was reviewed by scores of CNN officials along the way before being broadcast, and was the work of several of CNN's most respected and experienced producers was shot down in two weeks without the producers having a bona fide chance to defend themselves. The producers, April Oliver and Jack Smith, refused to resign, insisting on the report's truth, and were fired.[254] As *The Times of India* noted, the incident "raises troubling questions about press freedom" in the United States. "While U.S. journalists routinely speculate about the crimes of other governments on the flimsiest of evidence, they are evidently not free to point fingers at their own."[255]

There is no reason to believe the corporate news media will reverse course and begin directing journalism toward corporate or national security state activities. In fact, the way these examples from 1998 played out — with journalists fired, demoted, or pressured into resignation in every case — almost assures that few journalists will venture down this path in the future. This is the classical "chilling effect," much talked about in First Amendment law when the issue is government, not corporate, intervention in the affairs of the press. Journalists who wish to do investigations of corporations or the national security state will have to use all their leverage and then some to get clearance from their bosses, while they will build up their leverage by doing the tried-and-true formula pieces that cost little, mesh well with the commercial aims of the news operation, and do

not antagonize elite interests. Over time, successful journalists simply internalize the idea that it is goofy and "unprofessional" to want to pursue these controversial stories that cause mostly headaches.[256] In addition, journalists will find it ever more difficult to get the go-ahead for these types of stories from their editors and bosses. Time Warner's largest shareholder, Ted Turner, insisted that the CNN story lacked "evidence to convict."[257] In the future, it would seem, prospective stories on the military and intelligence agencies (or powerful corporations that have the resources to make a counteroffensive) will require "evidence to convict" before they are even *opened* to journalistic examination, a preposterous standard. "By this standard," April Oliver noted, "there would have been no Watergate."[258]

The 1998 incidents also highlight something perhaps even more insidious, the lack of any follow-up for critical investigative journalism. For journalism to be effective, a single reporter or story cannot be the extent of treatment of an issue. The initial report can only open up an area of inquiry, into which some other journalists must pour their attention, unleashing a very healthy journalistic competition. A good example of how it can work was in Watergate, where several top journalists followed up the *Washington Post* revelations with their own important exposés. In all of the above episodes, however, there was no follow-up, no echo, so the stories floundered while the journalists were flame-broiled. This is now pretty much standard operating procedure in journalism toward controversial investigative reporting, especially when the target is a powerful corporation. Former *Washington Post* reporter Norman Mintz counted *five* major news stories that were published about corporate malfeasance in the summer of 1998, but he noted that the stories were rarely reprinted in other media, especially the elite media, and certainly not investigated any further. The stories died on the vine.[259] Moreover, in 1998 journalists themselves, like Howard Kurtz of the *Washington Post,* emerged as the primary attackers of journalists like Webb, Oliver, and Smith. "Aggressive reporting always has been risky business, but most disgusting about recent assaults are not the predictable onslaughts of corporate lawyers," one observer noted, "but the venom with which other journalists have turned on their colleagues." As Daniel Schorr put it, "Attack a government agency like the CIA, or a Fortune 500 member like Chiquita, or the conduct of the military in Southeast Asia and you find yourself in deep trouble, naked, and often alone."[260] In sum, time-consuming and expensive investigative journalism looking into subjects that raise any questions about the ultimate legitimacy of our ruling institutions is not welcome in the domain of corporate media and the professional journalism it spawns.

But the drift of journalism to a more explicitly procorporate position is only partially determined by the institutional factors discussed heretofore. It also reflects the rightward movement in elite and mainstream political culture over the past two decades. As commercial journalism almost always stays within the parameter of mainstream opinion, the tenor of journalism has become less conciliatory toward ideas critical of capitalism and the "free market" and less receptive of ideas laudatory of social spending, poor people's social movements, and regulation of business. I do not wish to exaggerate the range of mainstream or journalist opinion prior to, say, the 1980s — even at its best journalism has been fundamentally flawed as a democratic institution — but nonetheless there has been a notable shift. This rightward drift in the political culture is largely due to broad factors, not the least of which is the aggressive right-wing campaign to tame and direct ideological discourse since the mid-1970s. And, of course, a media system more closely tuned in to the greatness of the "free market" and the notion that all deviations from the market are dubious at best serves to reinforce the probusiness thrust of our times.

The evidence of the rightward bias is compelling. Studies of the sources and guests used on mainstream news programs like *Nightline* or the *MacNeil-Lehrer News Hour* show a heavy bias toward conservatives, with scarcely anyone who would have qualified as a liberal in the 1960s or 1970s, let alone the 1940s.[261] Some of the corporate media owners maintain their journalism holdings not merely to make profit but also to promote their probusiness, antilabor view of the world. Rupert Murdoch, for example, is an outspoken proponent of the view that the main problems with the world are the prevalence of taxation on business and the wealthy, the regulation of business, government bureaucrats, and labor unions.[262] He willingly subsidizes the right-wing *Weekly Standard* to see that those views get a constant plug before the political elite. As Liberty Media (and former TCI) CEO John Malone stated, Murdoch would be willing to keep his Fox News Channel on the air even if it was not profitable because Murdoch wants "the political leverage he can get out of being a major network."[263] Both Murdoch and Malone are board members of the Cato Institute, one of the leading right-wing probusiness think tanks

in Washington, instrumental in advancing deregulation and privatization policies.[264] "It is curious," the famous graphic designer Milton Glaser wrote in 1997, "that after the triumph of capitalism, American business is embracing the politburo practice of censoring ideas it deems unacceptable."[265]

The Quashing of Public Debate

Allowing the deterioration of journalism and broader media culture makes perfect sense for media owners, but the degree to which it has been enacted reflects also the absence of organized and coherent public protest about these trends. Until media owners feel some political heat, they have little reason to alter course. As it is, the dominant mood in the United States is one of resignation and demoralization, not only about media but about other political issues as well. Even among those who deplore corporate concentration and conglomeration, hypercommercialism, and the decline of public service and journalism, and who regard the social and political implications of these trends as extremely negative, there is a fatalistic sense that this is the way it must be. After all, the United States is, always has been, and always will be a business-run society. 자본중심 사회

But this is not necessarily so. In fact, the nature of the U.S. media system is the result of a series of *political* decisions, not natural law or holy mandate. Even when media are regulated preponderantly by markets, it remains, in the end, a *political* decision to turn them over to a relative handful of individuals and corporations to maximize profit. The U.S. media system of the late twentieth century looks substantially different from the media system of the late nineteenth century, and it is diametrically opposed to the press system of the Republic's first two generations. All modern U.S. media (including the advertising industry) are affected directly and indirectly by government policies, regulation, and subsidies. Specifically, the development of radio and television broadcasting has been and remains the province of the political system. At any time the American people might have chosen to establish a truly nonprofit and noncommercial radio and television system; they have always had the constitutional right to do so.[266] The seminal law for U.S. broadcasting was the Communications Act of 1934; it was only recently superseded by the Telecommunications Act of 1996.

What is most notable about media policy making in the United States is not that it is important and that it exists, but, rather, that virtually the entire American population has no idea that it exists and that they have a right to participate in it. In 1934, for example, there was considerable opposition to corporate commercial domination of radio broadcasting, but those who led the opposition had barely any influence on legislative or regulatory issues in Washington. In fact, the striking feature of U.S. media policy making is how singularly undemocratic it has been — and remains. Crucial decisions are made by the few for the few behind closed doors. Public participation has been minuscule, virtually nonexistent.[267]

This was not an accident — not in the 1930s, and not since. The primary reason for this lack of public debate has been that the media and communication industries covered by these laws have unusually powerful lobbies that effectively control the debate and impose boundaries on the "legitimate" range of discussion. The commercial broadcasters, as represented by the National Association of Broadcasters (NAB), have been a powerhouse since the 1930s and are stronger than ever today. The NAB's lobbying team is so immense, it is barely noticed that it includes Kimberly Tauzin, daughter of Rep. Billy Tauzin (Rep., La.), chair of the crucial House Telecommunications Subcommittee.[268] The most important commercial broadcasters are now part of the giant media conglomerates like GE, Time Warner, Disney, and News Corporation, which each have their own lobbying machines. The *Wall Street Journal* calls the commercial broadcasters the "most powerful lobby in Washington," and most other analysts place broadcasters in the top tier of influence.[269] Likewise, the other main communication industry trade associations are also Capitol Hill lobbying powerhouses.[270]

A look at Rupert Murdoch's Washington, D.C., lobby provides concrete evidence of the corporate media's political power. Murdoch's lobby had a budget of $800,000 for the first half of 1997 alone. It is directed by Peggy Binzel, who had worked previously for Rep. Jack Fields, then the chair of the House Telecommunications Subcommittee, which handles the relevant legislation. Binzel has several staffers, including Maureen O'Connell, a former special counsel at the FCC. Murdoch also hired Daren Benzi for his lobbying team. Benzi is a close personal friend of recently retired FCC commissioner James Quello, the man who at all times championed the interests of both News Corporation and the commercial broadcasters during his

stint of "public service." The list of Murdoch's lobbyists goes on and on, seeming to include a who's who of influential lobbyists on Capitol Hill. In 1998, when Murdoch's efforts to become a part of the Primestar satellite TV operation were being stymied by the Justice Department, he deployed ten lobbyists to work full-time on the matter. To top it off, Murdoch is a generous campaign contributor. He gave nearly $1 million in "soft money" donations between 1991 and mid-1997, all but $75,000 going to the Republicans. But while Murdoch is an outspoken right-winger, he will do what is necessary to get his way. In November 1997 Murdoch wrote two checks for $25,000, one for the Republican Party and one for the Democrats.[271] And Murdoch is not alone; all the other media and communication giants have similar lobbying arsenals.[272]

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The NAB and the other corporate media lobbies are so strong not merely because they are rich and give lots of money to politicians' campaigns, though they are and they do. Far more importantly, the corporate media control news and access to the media — something politicians respect even more than money. This also means the media are in the enviable position of being able to cover political debates over their own existence. Consequently, ideas critical of corporate or commercial domination of the media are basically verboten in the commercial news media, and discussions of key laws and regulations are restricted to the business pages and the trade press, where they are regarded as issues of importance to investors, not as public issues of importance to citizens. The last thing the NAB or the corporate media want is for the American people to get the crazy idea that they have a right to create whatever type of broadcasting or media system they desire.

The corporate media also aggressively subsidize a continuing public relations offensive to promote the view that they are the natural democratic stewards of the airwaves and the media, selflessly "giving the people what they want" and battling to protect the First Amendment.[273] The extent to which this mythology is accepted or internalized by academics, journalists, "liberals," "progressives," politicians of all stripes, and the public at large is the extent to which public debate about communication policy making will be nonexistent or tangential.

This does not mean that the NAB or the corporate media always get their way; it only means they get their way when their conflict is with the general public. Otherwise, the media lobbies sometimes battle with each other and sometimes with other powerful communication lobbies. Indeed, were the media and communication corporations battles only with the general public, their massive lobbies would be absurdly unnecessary. The deliberations leading up to the passage of the Telecommunications Act of 1996 featured battles between long distance carriers and local telephone companies and between cable and satellite broadcasters, to mention just a couple. Since 1996 these sectors are squaring off before the FCC and the Justice Department; they have serious conflicts as they struggle to obtain the most favorable regulations in their related enterprises. For the public, these struggles are not inconsequential. But it is almost an iron law of modern politics that when the media and communication lobbies march in lockstep, or when there is no clear opposition to one of their pet projects, they are very difficult to defeat. Whatever their disagreements, the one thing they all agree upon is that the corporate sector should rule U.S. media and communication to maximize profit — and that this precept should not be the subject of debate by Congress or the general public.

Nor does this mean that dissatisfaction with the effects of corporate commercial control over media, especially broadcasting, is altogether eliminated. But the discontent is reined in and neutered, consigned to being the province of a largely ineffectual "consumer" special interest group. In that capacity, citizens on rare occasions can have some impact protesting the worst abuses of monopolistic media power, as in 1992 when Congress passed a law limiting the ability of cable companies to jack up their rates. But such successes happen rarely, and are fairly easy for powerful lobbies to circumvent over time. As two industry observers put it, the cable industry finds "ways to thwart Congress's will."[274] By 1998 cable rates were increasing at four times the rate of inflation, causing Congress to rattle its sabers and grumble about such direct and undisguised monopolistic attacks upon voters' wallets. But in the end Congress produced "a lot of smoke and not much fire."[275] (It should be noted that Congress usually pays more attention to such inequities during election years.)[276] At no time, however, are citizens invited to ponder an issue like cable television, for example, from the perspective of being citizens rather than mere couch potatoes.

There have long been numerous organized "public interest" groups working to weigh in on the public's behalf — as citizens, not just as consumers — and to influence media legislation and regulation in Washington. In order to be taken seriously by legislators and regulators, these groups are compelled to accept the corporate system as it is, immutable and all-powerful. Then, and only then, may they seek what a liberal at the FCC termed "market friendly" reforms. "Market friendly" is a euphemism for a reform that will not hurt a firm's bottom line in any appreciable manner, with all that that suggests about the range of possibilities. There is tremendous pressure on these consumer groups to be regarded as "legitimate" and "realistic"; if they are not, they will instead be seen as ineffectual and therefore lose their institutional and foundation funding. And as these inside-the-beltway reformers gravitate to minor and largely inconsequential "market friendly" reform proposals, any hope of inspiring popular enthusiasm and widespread support for media reform is sacrificed. If these are the "solutions," a citizen would be right to conclude, this must not be much of a problem. But dealing with the citizenry is not much of a concern for these reformers, as they receive virtually no press coverage and have negligible support among the general population, which is largely unaware of their existence.

In the 1960s and 1970s these public interest activities achieved a modicum of success. By the 1990s, however, with the advent of the free market theology as reigning civic religion and the collapse of even moderately progressive politics, they have less leverage than ever before. Their only hope for success is to pick the strongest side in a conflict between corporate communication sectors or firms, hoping thereby to get a few crumbs tossed their way from the victor. So it was in 1998 that civil rights and media activists worked with Rupert Murdoch on his proposal to let his Fox group increase the percentage of the nation its television stations cover to 45 percent, above the legal limit of 35 percent. Maintaining a strict 35 percent maximum coverage level for television station owners is actually endorsed by the NAB, since all but the five or six giants who are at the 35 percent level would find it ever more difficult to compete with the giants were they permitted to grow even larger. In exchange for getting this concession by the FCC, Murdoch would donate up to $150 million to a fund that would support minority investment in broadcast stations.[277] That media reformers are reduced to this level is in many respects tragic, because some of these groups, like the Media Access Project and the Citizens for Media Education, are run by very smart, talented, and dedicated democratic activists.

With all this in mind, the bankruptcy of U.S. regulation of commercial broadcasting makes perfect sense. In theory, commercial broadcasters receive their access to the publicly owned spectrum at no charge because they provide a public service, namely, they do things that they would not do if they were solely interested in maximizing profit. And broadcast regulation can provide an important way for a nation to establish public service values in the commercial portion of the broadcast system. The operating logic has been that for-profit broadcasters supported by advertising will tend to concentrate on light entertainment fare regardless of the social value. Since broadcasting plays such a dominant role in a nation's media culture, and since broadcasters are licensed to use scarce channels, the public has a right to demand that commercial broadcasters do that which is socially valuable but would not be commercially attractive otherwise. Perhaps the best example of effective public regulation of commercial broadcasters has been in Britain, where until recently the commercial broadcasters were held to standards similar to those of the BBC. Some observers argue that at times the British commercial broadcasters were in fact providing a superior public service to the BBC.

U.S. broadcast regulation has never been even close to the British standard. Very early in the FCC's existence, it internalized the notion that it had to assure the profitability of the industry it was regulating before it could make public service demands; such a dynamic meant that public service demands were by definition limited and easily undermined or quashed by the commercial interests. This process was encouraged by the extraordinary political and economic power of the commercial broadcasters. As such, the regulation of the U.S. broadcasting industry has been an abject failure. In many respects the FCC has become the classic example of what is called the "captive" regulatory agency. FCC members and officials sometimes come from the commercial broadcasting industry and often go there for lucrative employment after their stints in "public service."

This is hardly some sort of conspiracy. Periodically, a maverick gets on the FCC who might want to press the issue of public service. Usually even the mavericks are harmless enough and are permitted to blow off enough steam to get a job teaching at a university once their FCC stint is completed, like 1960s rebel Nicholas Johnson. Sometimes they actually propose a public service requirement that might appreciably affect the bottom line. In cases like these, the broadcasters can use their leverage with key members of Congress to force the maverick to back down and to leave controversial matters to "elected officials," even though the reforms are invariably within the letter and spirit of the law. In 1994, for example, a proposed FCC investigation into Rupert Murdoch's broadcast empire was dropped when Murdoch's good friend Rep. Jack Fields, the ranking Republican on the relevant House committee, threatened to conduct a "top-to-bottom review" of the FCC if it proceeded with its investigation.[278] Most recently, sparks flew when new FCC chair William Kennard had the temerity to suggest that commercial broadcasters should be required to provide free airtime for political candidates. With U.S. electoral politics wallowing in an almost universally recognized spending crisis that tends to limit involvement to the super-rich and those who represent the super-rich, Kennard argued that it was absurd for candidates to have to pay for TV commercials — some $500 million in 1998 — to commercial broadcasters to have access to the public airwaves.[279] Kennard backed down from this attack on the broadcast industry's biannual cash cow when members of Congress told the FCC to do so or face full hearings on whether the FCC deserves to remain in existence.[280] Likewise, when Kennard suggested that the FCC might want to roll back some of its own mandated deregulation that had permitted concentrated radio and TV station ownership, the NAB's friends on Capitol Hill announced that it might be time again for congressional hearings on whether the FCC was "overstepping its bounds."[281]

For the most part, then, the FCC's notion of regulation owes more to its support of the commercial interests than to its being the public's watchdog of their activities. The commercial broadcasters have become de facto owners of the public airwaves, and challenges to broadcast licenses on the grounds that a commercial broadcaster has failed to provide a public service are virtually impossible to win. In 1998, for example, the FCC rejected a license challenge in Denver, despite evidence that the Denver stations had provided appalling trivia and violence-laden news, with virtually no local public affairs coverage.[282] If there is no viable threat that a station-owner might lose its license if it fails to provide a public service, or if such failure is not otherwise severely punished, there can be no meaningful enforcement standards for public service on commercial broadcasters.

Yet even in this barren landscape there has been a clear devolution of how commercial broadcasters can fulfill their commitment to public service. In the 1920s, for example, it was widely accepted that radio broadcasting could not provide a public service at all if its primary means of support came through advertising.[283] When the Communications Act of 1934 was passed, creating the FCC, commercial broadcasters fulfilled their public service obligations with what were called "sustaining" programs, meaning shows that had no advertisers. At one time, sustaining shows occupied as much as 40 percent of the schedule (most of it during periods which advertisers expressed no interest in purchasing). When advertisers finally came to purchase the entire day, public service programming "ghettos" were established — late at night and very early in the morning, and especially on weekends. The quality of these programs tended to be so deplorable that hardly anyone could advocate their continuation, and commercial broadcasters were able to have the regulations relaxed. Even more importantly, they were able to gain approval for the idea that public service programs could include advertising.

By the 1990s, public service on commercial television had been reduced to the occasional do-gooder public service announcement (PSA) from the Advertising Council, a public relations group underwritten by the advertising industry. And even here, the commercial broadcasters have fought to limit their commitment to what has remained of public service. In 1997 the NAB argued that its members could run fewer PSAs because they were running so many commercial advertisements with public service messages, like Budweiser's "Know When to Say When" campaign.[284] That same year the commercial networks insisted that the Advertising Council tailor spots that would feature each network's stars, so the PSAs would promote not only safe sex or moderate drinking but also the network's upcoming shows. At first the Advertising Council protested this distortion of public service, but eventually it caved in.[285] "We're going backwards in terms of media opportunity," Ruth Wooden, the Ad Council president, stated in 1998. In addition to promoting media fare in Ad Council PSAs, Wooden has begun to link nonprofit groups to corporate marketers, so advertisers will sponsor PSAs for nonprofit groups and causes. These PSAs will, of course, also mention the corporate sponsor. "Good nonprofits have great credibility and ruboff value" for advertisers, Wooden enthuses. "Talk about brands!"[286] Notions of public service in U.S. commercial broadcasting may have never been sublime, but by now they have certainly become ridiculous.

The plight of U.S. public interest media lobbyists becomes even clearer when one looks at what has now come to constitute a "victory" for them. In 1998, U.S. television sets began to be equipped with "V-chips," so that parents could ostensibly block out sexual and violent fare from their children, or themselves.[287] A similar reform, following congressional pressure, has been to have music CDs rated for the nature of their content and to have television programs rated on-screen to alert viewers to the nature of the content, like the film rating system used for decades. As Professor George Gerbner, one of the leading communication scholars of the late twentieth century, commented, "the movie style rating system is an uninformative scheme that deceives the public and protects the industry from parents rather than the other way around." Gerbner, who attended the TV industry meetings with educators to determine a ratings format in 1997 and 1998, saw the meetings as little more than a public relations ruse. The ratings system, he wrote, was "patched up and rammed down the public's throat."[288] In all these reforms the corporate control and commercial marination of the industry is sacrosanct; the onus falls on "consumers" to avoid the lousy shows. As Gerbner points out, the amounts of violence and of alcohol advertising will not be lessened. What cannot be broached, however, is why do we have a media system that produces so little of value and so much that is garbage?

Perhaps the greatest recent victory of the inside-the-beltway media public interest lobbyists came in 1996 when, after years of lobbying in one form or another, the FCC instituted a new policy whereby commercial television networks were required to begin doing three hours of children's educational programming per week, starting in September 1997. This sounds like a dramatic gain, until one realizes that these three hours of kids' TV are advertising-supported and determined by the same business minds that created the current monstrosity that is commercial children's television. Those conditions were nonnegotiable from the get-go. The *Wall Street Journal* observed that many advertising agencies regarded the deal for "educational" children's television as providing a "marketing bonanza" for Madison Avenue, which is always on the lookout for new ways to round up the "littlest consumers." One advertiser targeting the children's market enthused that the FCC's educational TV requirement would mean that "advertisers will take a bigger role in co-producing TV shows."[289]

The early returns on the FCC's new educational kids' deal range from proponents claiming it makes the best of a bad situation to critics who view it as an outright farce. CBS, for example, simply informed all of its children's shows that they were now "educational" programs. "Weird" Al Yankovic expressed surprise, for example, when notified that his program qualified as meeting the CBS educational standards.[290] The striking tendency has been to co-promote "educational" programs with commercial partners, who use the shows as a means to "brand" with the youth market.[291] Two of the most publicized shows established to meet the new "educational" requirement, for example, are *The Sports Illustrated for Kids Show* and Home Depot's *Homer's Workshop.* Both of these were thinly veiled efforts to establish brand names on youth television under the false colors of "public service."[292] Fox's solution to the problem was to purchase *The Magic School Bus* (an award-winning series) from PBS. Now the school bus travels with a full complement of commercial advertisements.[293] "Despite the three-hour rule," the Children's Television Workshop CEO noted in 1998, "we don't see a lot of heavy demand [by broadcasters] for real educational programming."[294] Indeed, in 1998 the Annenberg Public Policy Center's third annual assessment of children's programming concluded that, despite the FCC three-hour rule, the educational quality of children's TV shows continues to decline.[295]

Although the communication lobbies have successfully neutered any and all political challenges to their control over broadcasting and the media, the legislative process makes it impossible to keep the public entirely shut out. During those rare instances in which Congress is considering legislation for the overall regulation of broadcasting and communication, it is customary that there be congressional committee hearings on what the public interest is and how it might be served by the proposed legislation. Hence in 1934 and again in the mid-1990s the great fear of the NAB was that these hearings might generate publicity and provoke formerly uninterested Americans into a newfound interest in media policy. The industry's goal on both occasions was to push to get the laws passed without any congressional debate, leaving the "controversial" matters to be discussed behind closed doors at the FCC or some other toothless advisory body — in other words, out of the "glare" of public attention.

In 1934, as I discuss in chapter 4, there was an organized campaign to have a significant sector (25 percent) of U.S. radio broadcasting channels turned over to nonprofit organizations. The NAB managed to get the relevant congressional committee to reject the idea of discussing the matter itself and, instead, to authorize the new

FCC to hold advisory hearings after the law had been passed. Two of the three FCC members responsible for the hearings told the NAB in advance that there was no way they would approve the idea. The hearings were held without any publicity in the autumn of 1934 and were flooded with material generated by the NAB. Some of the most principled activists for public service broadcasting refused to participate, or else made token appearances simply so they could protest the kangaroo court nature of the proceedings. Afterwards — to no one's surprise — the FCC reported that commercial broadcasting was doing a superior job of meeting the public interest and that nonprofit broadcasting was unnecessary.[296]

It will seem tragic or comical, depending upon one's mood and perspective, that these sham hearings of 1934 were *the only instance of a formal public deliberation on the matter of who should own and control broadcasting in the United States and for what purpose it should be conducted.* This is a "deliberative process" worthy of the old Soviet Union or the type of corrupt police state exemplified by Suharto's Indonesia or Mobutu's Zaire.

In 1996 there was nowhere near the organized opposition to corporate commercial broadcasting that existed in 1934, but the NAB wanted to leave nothing to chance. Just as the emergence of radio broadcasting had demanded a new federal code, so now the emergence of digital technologies necessitated a new statute to accommodate the convergence of communication industries. Once momentum built for a new law by the early and middle 1990s, each of the corporate sectors wanted to get the best deal it could, but none wanted the law to linger in Congress, risking public notice. Just weeks before the law was passed, most observers predicted that due to severe fights between the various corporate interests, it would be impossible to get the bill through. But the communication lobbies all decided to bury the hatchet, and they pushed the law through at breakneck speed. The last thing the communication corporations would want was to have this remain a live issue through a presidential election, especially with a gadfly like Ross Perot capable of piping up about the type of corporate welfare and special-interest politics this law exemplified. In the 1992 presidential campaign, Perot had thrown a monkey wrench into the best-laid bipartisan plans to sneak NAFTA and GATT through Congress by raising a stink about the issue.

The wording of the Telecommunications Act of 1996 is accordingly void of detail on many issues, for these are matters to be determined down the road by the FCC and others. The core premise of the bill was to eliminate restrictions on firms moving into other communication areas — for example, phone companies moving into cable television and vice versa, or long distance phone companies moving into local service and vice versa — and then to eliminate as many regulations as possible on these firms' behavior. A few crumbs were tossed to "special interest" groups like schools and hospitals, but only when they didn't interfere with the probusiness thrust of the legislation.

Proponents of the Telecommunications Act promised that deregulation would lead to genuine market competition, the result being much better service and lower prices. Market forces would serve the consumer where regulation had failed. The notion that the bill had something to do with encouraging actual competition was of course a public relations ploy designed to mask the nature of capitalism and conceal how these markets actually work. Had this bill been structured to establish competitive industries, the corporate communication lobbyists who pushed for the bill — and who, it is rumored, actually wrote portions of it — would have never let it see the light of day. There may well be some increased competition as a result of the law in some markets; but the end result will certainly be tightly controlled oligopolistic markets. No sane firm would ever make a multibillion dollar investment to enter a new area unless it thought the result would be that it would be a member in good standing in a mature oligopoly with high barriers to entry to protect the firm's and the industry's profitability. Indeed, when more than a few firms look like viable players in communication markets, Wall Street ordinarily calls for a "shakeout" to establish a more profitable semimonopolistic market.[297]

Unless they think they are operating from a position of such strength that they can deliver punishing blows to the competition, the most rational move for these firms when considering new markets is to merge and/or to establish joint ventures. They thereby sacrifice some potential market share, but they seriously reduce risk and competition. Thus the precepts of the Robber Barons live on. In the immortal words of Rupert Murdoch, "We can join forces now, or we can kill each other and then join forces."[298] And the relaxation of restrictions on ownership in the Telecommunications Act — ostensibly to encourage competition — has led instead to a massive wave of corporate consolidation throughout the communication industries. "The urge to merge," the *Wall Street Journal* noted in its 1998 evaluation of the Telecommunications Act, "has overwhelmed the compulsion to compete."[299] There are now four regional telephone companies instead of the seven Baby Bells of pre–Telecom Act days. MCI was sold to WorldCom and the trend in telecommunications is toward more mergers, acquisitions, and market concentration. And so on.

The effects of the Telecommunications Act on media were evident in the discussion of the contemporary media market earlier in the chapter. "The 1996 Telecommunications Act," the *Economist* notes with understatement, "has served the media companies well."[300] One trade publication observes that the Telecommunications Act of 1996 has "fueled a consolidation so profound that even insiders are surprised by its magnitude."[301]

The one media sector most thoroughly overturned by the Telecommunications Act has been radio broadcasting. The Telecommunications Act relaxed ownership restrictions so that a single firm can own up to eight stations in a single market. In the twenty months following enactment of the new law, there has been the equivalent of an Oklahoma land rush as small chains have been acquired by middle-sized chains, and middle-sized chains have been gobbled up by the few massive giants who have come to dominate the national industry. Since 1996 some one-half of the nation's eleven thousand radio stations changed hands, and there were over one thousand radio firm mergers.[302]

Deregulation has made it possible for giant radio firms to establish "superopolies" that control enough of a market to compete with television and newspapers for advertisers.[303] This sort of consolidation also permits the giant chains to reduce labor costs by "down-sizing" their editorial and sales staffs and coordinating programming from national headquarters. According to *Advertising Age*, by September 1997 in each of the fifty largest markets, three firms controlled over 50 percent of the radio ad revenues. And in twenty-three of the top fifty markets, three companies controlled more than 80 percent of the ad revenues.[304] In each of the thirty largest U.S. markets, the largest radio-station-owning firm controls around 40 percent of the radio revenues.[305] Four rapidly growing chains, including Hicks Muse, account for over 33 percent of the industry's almost $14 billion in annual revenues.[306] CBS, formerly Westinghouse, ranks as one of the four national leaders with 175 stations, predominately in the fifteen largest markets, where it has "maxed out" to the new legal limit.[307] As the *Wall Street Journal* puts it, these deals "have given a handful of companies a lock on the airwaves in the nation's big cities."[308]

When one ponders these developments in radio, the implications for media of the Telecommunications Act of 1996 become more starkly evident. Relative to television and other media technologies, radio is inexpensive for both broadcasters and consumers. It is also ideally suited for local control and community service. Yet radio has been transformed into a engine for superprofits — with greater returns than any other media sector — for a small handful of firms so that they can convert radio broadcasting into the most efficient conduit possible for advertising. As one Wall Street analyst put it, "we're not sure what radio could do for an encore." Another called the 1998 U.S. radio industry "the best of all worlds today." Yet another Wall Street analyst enthused, "Nobody knows how big these companies can get. That plays very well [on Wall Street]."[309] Across the nation, these giant chains use their market power to slash costs, providing the same handful of formats with only a token nod to the actual localities in which the stations broadcast. On Wall Street, the corporate consolidation of radio is praised as a smash success, but by any other standard this brave new world is an abject failure.[310]

And worse may be on the way. One leading "industry guru" predicted early in 1998 that a similar consolidation would soon take place in TV station ownership, as the FCC extends the relaxation of ownership restrictions in accord with the 1996 Telecommunications Act.[311] The leading station-owning company not associated with a network — the Sinclair broadcast group — plans to more than double its number of stations to over one hundred by 2000. Like the new radio giants, Sinclair's recipe for profit is slashing costs to the bone and giving the advertisers what they want.[312] One media researcher projects that the number of TV station owners will fall from 658 in 1994 to around one hundred by 2000 or 2001. And, as in radio, a small handful, all but one or two owned by first-tier media giants, will dominate the twenty-five to fifty largest markets.[313]

Conclusion

The clear trajectory of our media and communication world tends toward ever-greater corporate concentration, media conglomeration, and hypercommercialism. The notion of public service — that there should be some motive for media other than profit — is in rapid retreat if not total collapse. The public is regarded not as a democratic polity but simply as a mass of consumers. Public debate over the future of media and communication has been effectively eliminated by powerful and arrogant corporate media, which metaphorically floss their teeth with politicians' underpants. It is, in short, a system set up to serve the needs of a handful of wealthy investors, corporate managers, and corporate advertisers. Its most important customers are affluent consumers hailing from the upper and upper-middle classes. The system serves the general public to the extent that it strengthens and does not undermine these primary relationships. Needless to say, the implications for democracy of this concentrated, conglomerated, and hypercommercialized media are entirely negative. By the logic of my argument, the solution to the current problem of U.S. media demands political debate and structural reform. But before we turn to that topic there is much else to discuss.

R 2

THE MEDIA SYSTEM GOES GLOBAL

By the end of the 1990s a major turning point was reached in the realm of media. Whereas media systems had been primarily *national* before the 1990s, a *global* commercial media market has emerged full force by the dawn of the twenty-first century. "What you are seeing," states Christopher Dixon, director of media research for the stockbroker PaineWebber, "is the creation of a global oligopoly. It happened to the oil and automotive industries earlier this century; now it is happening to the entertainment industry."[1] In the past, to understand any nation's media situation, one first had to understand the local and national media and then determine where the global market — which largely meant imports and exports of films, TV shows, books, and music — fit in. Today one must first grasp the nature and logic of the global commercial system and then determine how local and national media deviate from the overall system. The rise of a global commercial media system is closely linked to the rise of a significantly more integrated "neoliberal" global capitalist economic system. To some extent, the rise of a global media market is encouraged by new digital and satellite technologies that make global markets both cost-effective and lucrative. It is also encouraged by the institutions of global capitalism — the World Trade Organisation (WTO), the World Bank, the International Monetary Fund (IMF) — as well as those governments, including that of the United States, that advance the interests of transnational corporations (TNCs). Moreover, during

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the past thirty years, media and communication more broadly have become a much more significant sector for business activity.[2] And this is just the beginning. As Ira Magaziner, the Clinton administration's Internet policy adviser put it in 1998, worldwide electronic commerce will be "the primary economic driver over the next 25 years."[3]

The rise to dominance of the global commercial media system is more than an economic matter; it also has clear implications for media content, politics, and culture. In many ways the emerging global media system is an extension of the U.S. system described in chapter 1, and its culture shares many of the attributes of the U.S. hypercommercial media system. This makes sense, as the firms that dominate U.S. media also dominate the global system and the system operates on the same profit maximizing logic. But there are also some important distinctions. On the one hand, a number of new firms enter the picture as one turns to the global system. On the other hand, and more important, a number of new political and social factors enter the discussion. There are scores of governments, and regional and international organizations that have a say in the regulation of media and communication. There are also a myriad of languages and cultures, which makes establishing a global version of the "U.S. system" quite difficult. But even if the U.S. media system and culture will not be punch-pressed onto the globe, the trajectory is toward vastly greater integration, based on commercial terms and dominated by a handful of transnational media conglomerates.

In this chapter I briefly chronicle the rise of the global media system and its core attributes. It is a system dominated by fewer then ten global TNCs, with another four or five dozen firms filling out regional and niche markets. I examine the activities and holdings of the three most important global media firms — Time Warner, Disney, and News Corporation — in detail. I then consider what the rise of the global media means for traditional notions of cultural imperialism, and for culture and journalism writ large. In my view, the general thrust of the global commercial media system is quite negative — assuming one wishes to preserve and promote institutions and values that are conducive to meaningful self-government. Such a global media system plays a central role in the development of "neoliberal" democracy; that is, a political system based on the formal right to vote, but in which political and economic power is resolutely maintained in the hands of the wealthy few.

The Rise of the Global Media System

The global markets for film production, TV show production, book publishing, and recorded music have been oligopolistic markets throughout much of their existence. Although there are important domestic companies in many of these industries, the global *export* market is the province of a handful of mostly U.S.-owned or U.S.-based firms. These not only remain important markets but are also tending to grow faster than the global economy. The motion picture and TV show production industries are absolutely booming at the global level.[4] The major film studios and U.S. TV show production companies (usually the same firms) now generate between 50 and 60 percent of their revenues outside the United States.[5] A key factor that makes these global oligopolies nearly impenetrable to newcomers is the extent of their distribution systems.[6] The rational choice for someone wishing to enter this market is either to buy one of the existing giants or, if one does not have a spare $10 or $20 billion or does not wish to spend it, to set up as an "independent" and forge a link with one of the existing giants.[7] The global film industry is the province of seven firms, all of which are part of larger media conglomerates. Likewise, the global music industry is dominated by five firms, all but one of which (EMI) are part of larger media TNCs.[8] These five music giants earn 70 percent of their revenues outside of the United States.[9]

What distinguishes the emerging global media system is not transnational control over exported media content, however, so much as increasing TNC control over media distribution and content within nations. Prior to the 1980s and 1990s, national media systems were typified by nationally owned radio and television systems, as well as domestic newspaper industries. Newspaper publishing remains a largely national phenomenon, but the face of television has changed almost beyond recognition. The rise of cable and satellite technology has opened up national markets to scores of new channels and revenue streams. The major Hollywood studios — all part of global media conglomerates — expect to generate $11 billion alone in 2002 for global TV rights to their film libraries, up from $7 billion in 1998.[10] More important, the primary providers of these channels are the media TNCs that dominate cable television channel ownership in the United States and have aggressively established numerous global editions of their channels to accommodate the new

market.[11] Neoliberal "free market" policies have opened up ownership of stations as well as cable and satellite systems to private and transnational interests. As the *Wall Street Journal* notes, "the cable colonialists continue to press on in Europe, Asia and Latin America, betting on long-term profit."[12] Likewise, the largest media TNCs are invariably among the main players in efforts to establish digital satellite TV systems to serve regional and national markets.[13]

Television also is rapidly coming to play the same sort of dominant cultural role in Europe, Asia, and worldwide that it has played in the United States for two or three generations. After reviewing the most recent research, one observer noted in early 1998: "Europe hasn't caught up to American TV consumption levels, but Europeans are spending more time than ever watching television."[14] In 1997 French children aged four to ten years old watched on average nearly two hours of television per day, up 10 percent from the previous high in 1996; but this remains only one-half the amount of TV watching for children in the United States.[15]

The close connection of the rise of the global media system to the global capitalist political economy becomes especially clear in two ways. First, as suggested above, the global media system is the direct result of the sort of "neoliberal" deregulatory policies and agreements (e.g., NAFTA and GATT) that have helped to form global markets for goods and services. (It is worth noting that the actual negotiations surrounding communication issues in these international trade agreements are so complex, and the language employed in the deals is so technical and legalistic, that one expert estimates that no more than a few dozen people in the entire world — mostly lawyers — can intelligibly explain the media and cultural terms they include. A less inclusive discourse over global media policy would be difficult to imagine.)[16] At the global level, for example, the WTO ruled in 1997 that Canada could not prohibit Time Warner's *Sports Illustrated* from distributing a Canadian edition of the magazine.[17] In Australia, for another example, the High Court ruled against the legality of Australian domestic media content quotas in April 1998, stating that "international treaty obligations override the national cultural objectives in the Broadcasting Services Act."[18]

Although there is considerable pressure for open media markets, this is a sensitive area. There are strong traditions of protection for domestic media and cultural industries. Nations ranging from Norway, Denmark, and Spain to Mexico, South Africa, and South Korea, protection for example, have government subsidies to keep alive their small domestic film production industries.[19] Over the coming years it is likely that there will be periodic setbacks to the drive to establish an open global media market. In the summer of 1998 culture ministers from twenty nations, including Brazil, Mexico, Sweden, Italy, and Ivory Coast, met in Ottawa to discuss how they could "build some ground rules" to protect their cultural fare from "the Hollywood juggernaut." Their main recommendation was to keep culture out of the control of the WTO.[20] A similar 1998 gathering sponsored by the United Nations in Stockholm recommended that culture be granted special exemptions in global trade deals.[21] In India, in 1998, a court issued an arrest warrant for Rupert Murdoch for failing to appear in court to defend himself on the charge that his Star TV satellite service broadcast "obscene and vulgar" movies.[22]

Nevertheless, the trend is clearly in the direction of opening markets to TNC penetration. Neoliberal forces in every country argue that cultural trade barriers and regulations harm consumers, and that subsidies even inhibit the ability of nations to develop their own competitive media firms.[23] There are often strong commercial media lobbies within nations that perceive they have more to gain by opening up their borders than by maintaining trade barriers. In 1998, for example, when the British government proposed a voluntary levy on film theater revenues (mostly Hollywood films) to provide a subsidy for the British commercial film industry, the British commercial broadcasters reacted warily, not wishing to antagonize their crucial suppliers.[24] In November 1998 the British government declared the proposal dead after lobbying pressure from British commercial broadcasters.[25]

The European Union (EU) and European Commission (EC) provide an excellent case study of the movement of media policy making toward a largely procommercial position, and of the complexities involved in such a position. Historically, European nations have enjoyed prominent and well-financed national public broadcasters as well as a variety of other mechanisms to protect and promote domestic cultural production. The EU and EC are scarcely commissioned to advance the interests of U.S.-based media TNCs, but they are devoted to establishing strong European firms and a regional open commercial market. "If the European market doesn't become a single market," an Italian film director stated, "there's no way it can compete against America."[26] The powerful European media giants want the EU to advance their interests in the same way the U.S. government invariably lobbies and pushes for the interests of its media TNCs.[27] In 1998, for example, the EC officially moved to break up the European distribution company co-owned by Viacom, Seagram, and MGM–United Artists, arguing that it gave U.S. film producers too much ability to overwhelm potential European competitors.[28]

The EU and EC also see their mission as encouraging more competitive media markets between European firms.[29] Pressure from the EU Competition Commission was a factor in derailing the prospective merger between Reed Elsevier and Wolters Kluwer in 1998.[30] Accomplishing competitive markets, while helping build strong pan-European firms, sometimes produces conflict, as in 1998 when the EU opposed the efforts of Bertelsmann and Kirch to merge their German digital TV operations. In this case, some voices in the European business community argued that the EU was undermining the "emergence of a strong European business."[31] But the EU and EC, like regulators everywhere, are less likely to act on behalf of the public interest if it is aligned against the entirety of the business community. So it was with the Bertelsmann-Kirch deal — the dominant European media groups as well as Rupert Murdoch were urging the EU to block the merger, since they all wanted to have a shot at the German TV market as well.[32] Bertelsmann, too, was rumored not to be displeased that the deal was kiboshed, as it cripples the debt-laden Kirch and leaves Bertelsmann with an even better chance of dominating German digital television — all by itself.[33]

The nature of the EU system's media policies and values were revealed in several other developments in the late 1990s. To address the concern that U.S.-based media firms would quickly overwhelm Europe unless regulations to protect European content were enacted, the EU nearly passed a law in 1997 requiring that 50 percent of TV content be European-made. This drive fell short after a "ferocious" lobbying campaign by the largest European media interests, who are linked with U.S. media firms and dependent upon U.S. fare. Eventually the wording of the law was watered down to become virtually meaningless.[34] The EU system has been more effective in spreading commercial values; on two occasions in 1997 the European Court of Justice ruled that member states could not prohibit cable TV channels that featured advertising aimed at children, even though this violated national statutes.[35] Even when, in response to massive pressure from health authorities and educators, the EU banned tobacco advertising and sports sponsorship in 1998, there was a reasonable chance the law could be overturned by the European Courts of Justice.[36]

Increasingly lost in the shuffle are the fates of European public broadcasters. As the political power of public broadcasters recedes in Europe, the market-oriented EU and EC find the traditional notion of public service media, meaning nonprofit media with public subsidy, something of a square peg. By 1998, for example, a coalition of European commercial broadcasters and publishers were lobbying the EU to stop state subsidies of public broadcasters, when the public broadcasters were using the funds to enter into commercial television ventures.[37] (I will discuss this tension and what it means for public service broadcasting in greater length in chapter 5.) An indication of the shifting terrain of European policy making came in June 1997 when the European Summit found it necessary to include a protocol to the EU treaty formally acknowledging that public service broadcasters had a right to exist.[38] A generation earlier such a protocol would have been considered not just unnecessary but absurd.

Advertising is the second way that the global media system is linked to the global market economy. Advertising is conducted disproportionately by the largest firms in the world, and it is a major weapon in the struggle to establish new markets. The top ten global advertisers alone accounted for some 75 percent of the $36 billion spent by the one hundred largest global marketers in 1997.[39] For major firms like Procter & Gamble and Nike, global advertising is a vitally important aspect of their campaigns to maintain strong growth rates.[40] In conjunction with the "globalization" of the economy, advertising has grown globally at a rate greater than GDP growth in the 1990s.[41] The most rapid growth has been in Europe, Latin America, and especially East Asia, although the economic collapse of the late 1990s has slowed what had earlier been characterized as "torrid ad growth."[42] Advertising in China is growing at annual rates of 40 to 50 percent in the 1990s, and the singularly important sector of TV advertising is expected to continue to grow at that rate, at least, with the advent of sophisticated audience research that now delivers vital demographic data to advertisers, especially TNC advertisers.[43]

It is this TNC advertising that has fueled the rise of commercial television across the world, accounting, for example, for over one-half the advertising on the ABN-CNBC Asia network, which is co-

owned by Dow Jones and General Electric.[44] And there is a world of room for growth, especially in comparison to the stable U.S. market. In 1999, the United States still accounted for nearly one-half of the world's approximately $435 billion in advertising.[45] Even in the developed markets of western Europe, for example, most nations still spend no more than one-half the U.S. amount on advertising per capita, so there remains considerable growth potential.[46] Were European nations, not to mention the rest of the world, ever to approach the U.S. level of between 2.1 and 2.4 percent of the GDP going toward advertising — where it has fluctuated for decades — the global media industry would see an almost exponential increase in its revenues.[47] As it is, European commercial television is growing at more than a 10 percent annual rate, twice the U.S. average.[48]

The advertising agency business itself has consolidated dramatically on a global basis in the 1990s, in part to better deal with the globalization of product markets and also to better address the plethora of commercial media emerging to serve advertisers. The largest advertising organizations now include several major brand agencies and countless smaller formerly independent agencies in nations around the world. The largest ad organization, Omnicom (1997 revenues: $4.2 billion), has fourteen major agencies in its portfolio, including BBDO Worldwide and DDB Needham Worldwide.[49] Omnicom dominates the global advertising agency industry along with two other massive giants — WPP Group (1997 revenues: $3.6 billion), and Interpublic Group (1997 revenues: $3.4 billion). They have a combined income greater than that of the ad organizations ranked fourth through fourteenth; and the size of ad organizations falls precipitously after one gets past the first fourteen or so. For example, number fifteen (Carlson Marketing, 1998 revenues: $285 million) does less than half the business of the firm ranked number fourteen, Cordiant Communications. And the fiftieth-largest advertising organization in the world — Testa International (1997 revenues: $60 million) — does around 1.5 percent of the business of the Omnicom Group.[50]

The wave of global consolidation among advertising agencies is far from over. The four most active ad agency acquirers spent $1.25 billion to buy other agencies in 1997, up over 250 percent from what they spent in 1996. Industry surveys suggest that most agency executives expect the agency merger and acquisition boom to increase in momentum in coming years.[51] Interpublic budgeted $250 million in 1998 for the purchase of other advertising companies.[52] The consolidation is encouraged by globalization, as the largest advertisers increasingly prefer to work with a single agency worldwide.[53] When Citibank consolidated its global advertising into one agency in 1997, an observer noted that "they want to have one brand with one voice — that's their mantra."[54] "We're not going to get a shot at [major clients]," one agency owner said, "without being global."[55] Global consolidation is also encouraged because the larger an ad agency, the more leverage it has getting favorable terms for its clients with global commercial media.[56] An agency needs worldwide "critical mass" to be competitive, the president of the French Publicis stated when Publicis purchased the U.S. Hal Riney and Partners in 1998.[57] The largest advertising organizations are scurrying about purchasing almost all of the remaining viable independent agencies around the world.[58] Even Japan, until recently effectively off-limits to foreign ad agencies, is being incorporated into the global networks of these giant agencies, as its main advertisers want global expertise for their brands.[59] In 1998 Omnicom and the WPP Group each purchased stakes in major Japanese agencies.[60] In combination, all of this suggests increased advertising influence over media operations.

But the most important corporate concentration concerns the media industry itself, and here concentration and conglomeration are the order of the day. There is increased global horizontal integration in specific media industries. Book publishing, for example, has undergone a major shakeout in the late 1990s, leading to a situation in which a handful of global firms dominate the market. "We have never seen this kind of concentration before with global ownership and the big getting bigger," a mergers and acquisitions lawyer who specializes in publishing deals stated in 1998.[61] But much more striking have been the vertical integration and conglomeration of the global media market. In short order the global media market has come to be dominated by the same eight TNCs that dominate U.S. media, as I presented in chapter 1, plus Bertelsmann, the German-based conglomerate. The dominant advertising firms are featherweights in comparison to the first tier of media firms, all of which rank among the few hundred largest publicly traded firms in the world in terms of market value. They are General Electric (#1), AT&T (#16), Disney (#31), Time Warner (#76), Sony (#103), News Corp. (#184), Viacom (#210), and Seagram (#274).[62] Bertelsmann would certainly be high on the list, too, were it not one of the handful of giant firms

that remain privately held. In short, these firms are at the very pinnacle of global corporate capitalism. This is also a highly concentrated industry; the largest media firm in the world in terms of annual revenues, Time Warner (1998 revenues: $28 billion), is some fifty times larger in terms of annual sales than the world's fiftieth-largest media firm.[63] But what distinguishes these nine firms from the rest of the pack is not merely their size but the fact that they have global distribution networks.

I spelled out the rapidity with which these giants have emerged in the 1990s in chapter 1. There, too, I explained the strong pressure for firms to get larger and larger (and fewer and fewer). Likewise, and probably lost to most Americans who do not travel abroad, the media giants have moved aggressively to become global players. Time Warner and Disney, for example, still get the vast majority of their revenue in the United States, but both firms project non-U.S. sales to be a majority of their revenues within a decade, and the other media giants are all moving to be in a similar position. The point is to capitalize on the potential for growth — and not get outflanked by competitors — as the U.S market is well developed and only permits incremental growth. As Viacom CEO Sumner Redstone puts it, "companies are focusing on those markets promising the best return, which means overseas."[64] Frank Biondi, former chair of Seagram's Universal Studios, says "ninety-nine percent of the success of these companies long term is going to be successful execution offshore."[65] Another U.S. media executive stated that "we now see Latin America and the Asia-Pacific as our twenty-first century."[66] Sony, to cite one example, has hired the investment banking Blackstone Group to help it identify media takeover candidates worldwide.[67]

But this point should not be exaggerated. Non-U.S. markets, especially markets where there are meddlesome governments, are risky and often require patience before they produce profit. The key to being a first-tier media powerhouse is having a strong base in the United States, by far the largest and most stable commercial media market. That is why Bertelsmann is on the list; it ranks among the top U.S. recorded music, magazine publishing, and book publishing companies. It expects to do 40 percent of its $16 billion in annual business in the United States in the near future.[68] "We want to be a world-class media company," the CEO of the U.K.'s Pearson TV stated, "and to do that, we know we've got to get bigger in America."[69]

It is also mandatory to be a conglomerate, for the reasons presented in chapter 1. The essence of the first-tier firms is their ability to mix production capacity with their distribution networks. These nine firms control four of the five music firms that sell 80 percent of global music. The one remaining independent, EMI, is invariably on the market; it is worth considerably more merged with one of the other five global music giants that are all part of huge media conglomerates, or to another media TNC that wants a stake in the music market.[70] All of the major Hollywood studios, which dominate global film box office, are connected to these giants too. The only two of the nine that are not major content producers are AT&T and GE's NBC. The former has major media content holdings through Liberty Media and both of them, ranking among the ten most valuable firms in the world, are in a position to acquire assets as they become necessary. Such may soon be the case for GE. NBC was forced to scale back its expansion into European and Asian television in 1998, in part because it did not have enough programming to fill the airwaves.[71]

The global media market is rounded out by a second tier of four or five dozen firms that are national or regional powerhouses or have strong holds over niche markets, such as business or trade publishing. About one-half of these second-tier firms come from North America; most of the rest, from western Europe and Japan. Each of these second-tier firms is a giant in its own right, often ranking among the thousand largest firms in the world and doing over $1 billion per year in business. The list of second-tier media firms from North America includes, among others, Dow Jones, Gannett, Knight-Ridder, Newhouse, Comcast, the New York Times, the Washington Post, Hearst, McGraw Hill, Cox Enterprises, CBS, Advance Publications, Hicks Muse, Times-Mirror, Reader's Digest, Tribune Company, Thomson, Hollinger, and Rogers Communication. From Europe the list of second-tier firms includes, among others, Kirch, Havas, Mediaset, Hachette, Prisa, Canal Plus, Pearson, Carlton, Granada, United News and Media, Reuters, Reed Elsevier, Wolters Kluwer, Axel Springer, Kinnevik, and CLT. The Japanese companies, aside from Sony, remain almost exclusively domestic producers. I will discuss the handful of "third world" commercial media giants below.[72]

This second tier has also crystallized rather quickly; across the globe there has been a shakeout in national and regional media markets, with small firms getting eaten by medium firms and medium firms being swallowed by big firms. Many national and regional conglomerates have been established on the back of publishing or television empires, like Denmark's Egmont Group.[73] The situation in most nations is similar to the one described in the United States in chapter 1: a smaller number of much larger firms dominate the media in comparison to the situation only ten or twenty years ago. Indeed, as most nations are smaller than the United States, the tightness of the media oligarchy can be even more severe. In Britain, for example, 90 percent of the newspaper circulation is controlled by five firms, including Murdoch's News Corporation, while mergers have turned British cable into a fiefdom dominated by three firms.[74] In Canada, vocal right-winger Conrad Black — who owns 437 newspapers globally in an empire that generated revenues of $2.2 billion in 1997 — owns 61 of that nation's 101 daily newspapers, and over one-half of Canada's newspaper circulation.[75] The second-largest chain controls another one-quarter of Canadian newspaper circulation.[76] The situation may be most stark in New Zealand, where the newspaper industry is largely the province of the Australian-American Murdoch and the Irish Tony O'Reilly, who also dominates New Zealand's commercial radio broadcasting and has major stakes in magazine publishing. Two of the four terrestrial (over-the-air) television channels are owned by the Canadian CanWest. Murdoch controls pay television and is negotiating to purchase one or both of the two public TV networks, which the government is aiming to sell.[77] In short, the rulers of New Zealand's media system could squeeze into a closet.

Moreover, as the New Zealand example implies, the need to go beyond national borders applies to second-tier media firms as well as first-tier giants. Australian media moguls, following the path blazed by Rupert Murdoch, have the mantra "expand or die." As one puts it, "you really can't continue to grow as an Australian supplier in Australia."[78] Mediaset, the Berlusconi-owned Italian television power, is desperately seeking to expand in Europe and Latin America.[79] Perhaps the most striking example of second-tier globalization is provided by Hicks, Muse, Tate and Furst, the U.S. radio-publishing-TV-billboard-movie theater power discussed in chapter 1 that has been constructed almost overnight. In 1998 Hicks Muse spent well over one billion dollars purchasing media assets in Mexico, Argentina, Brazil, and Venezuela.[80]

In combination, these sixty or seventy giants control much of the world's media: book publishing, magazine publishing, music recording, newspaper publishing, TV show production, TV station and cable channel ownership, cable/satellite TV system ownership, film production, motion picture theater ownership, and newspaper publishing.[81] They are also the most dynamic element of the global media network. But the system is still very much in formation. New second-tier firms are emerging, especially in lucrative Asian markets, and there will probably be further upheaval among the ranks of the first-tier media giants. And firms get no guarantee of success merely by going global. The point is that they have no choice in the matter. Some, perhaps many, will falter as they accrue too much debt or as they enter unprofitable ventures. But the chances are that we are closer to the end of the process of establishing a stable global media market than we are to the beginning of the process. And as that happens, there is a distinct likelihood that the leading media firms in the world will find themselves in a very profitable position. That is what they are racing to secure.

Corporate growth, oligopolistic markets, and conglomeration barely reveal the extent to which the global media system is fundamentally noncompetitive in any meaningful economic sense of the term. As I mentioned in chapter 1, many of the largest media firms share major shareholders, own pieces of each other, or have interlocking boards of directors. When *Variety* compiled its list of the fifty largest global media firms for 1997, it observed that "merger mania" and cross-ownership had "resulted in a complex web of interrelationships" that will "make you dizzy."[82] The global market strongly encourages firms to establish equity joint ventures in which the media giants each own a part of an enterprise. In this manner, firms reduce competition and risk, and increase the chance of profitability. As the CEO of Sogecable, Spain's largest media firm and one of the twelve largest private media companies in Europe, put it to *Variety,* the strategy is "not to compete with international companies but to join them."[83] In 1998, for example, Prisa, another large Spanish media conglomerate, merged its digital satellite television service with the one controlled by state-owned telecommunications firm Telefonica to establish a monopoly in Spain.[84] Almost all of the second-tier companies have joint ventures or important relationships with each other and with first-tier media giants. Indeed, it is rare for first-tier media giants to launch a new venture in a foreign

country unless they have taken on a leading domestic media company as a partner. The domestic firm can handle public outreach and massage the local politicians.

News Corporation heir Lachlan Murdoch expressed the rational view when explaining why News Corporation is working more closely with Kerry Packer's Publishing and Broadcasting Ltd., the company that with News Corp. effectively controls much of Australian media. It's better, contends Murdoch the younger, if we are not "aggressively attacking each other all the time."[85] In the global media market the dominant firms compete aggressively in some concentrated oligopolistic markets, are key suppliers to each other in other markets, and are partners in yet other markets. As the headline in one trade publication put it, this is a market where the reigning spirit is to "Make profits, not war."[86] In some respects, the global media market more closely resembles a cartel than it does the competitive marketplace found in economics textbooks.

The Holy Trinity of the Global Media System

The nature of the global media system seems less abstract when one examines the recent growth, activities, and strategies of its three most important TNCs: Time Warner, Disney, and News Corporation. Time Warner and Disney are the two firms with the largest media and entertainment operations. News Corporation is in contention with Viacom for the status of fourth largest, with sales around one-half those of Time Warner and Disney, but under Rupert Murdoch it has led the way in media globalization. These global empires were mainly constructed in the 1990s, and they are a long way from completion.

Time Warner is the outgrowth of the 1989 merger of Time and Warner Communications and the 1996 acquisition of Turner Broadcasting. It did around $28 billion in business in 1998, and its sales are expected to continue to grow at double-digit rates for the foreseeable future. With two hundred subsidiaries worldwide, Time Warner is also a strikingly dominant global player in virtually every important media sector except newspaper publishing and radio broadcasting. Time Warner's challenge is to develop its *synergies* (the process of taking a media brand and exploiting it for all the profit possible), that is, to mesh its extremely lucrative parts to increase the size of the profit whole.[87] It has an unparalleled combination of content production and distribution systems to work with.

Here are some of Time Warner's holdings:

- majority interest in the U.S. WB television network;
- largest cable broadcasting system operator in U.S., controlling twenty-two of the one hundred largest markets;
- controlling interest in cable TV channels CNN, Headline News, CNNfn, CNN International, TNT, TBS, Turner Classic Movies, CNNSI, Cartoon Network, Court TV, HBO, HBO International, and Cinemax;
- partial interest in cable TV channel Comedy Central;
- minority stake in U.S. satellite TV service Primestar;
- Warner Bros. film studios, one of the half-dozen studios that dominate the global market;
- Warner Bros. TV production studios, one of largest TV show production companies in the world;
- New Line film studios;
- the largest U.S. magazine publishing group, including *Time, People, Sports Illustrated,* and *Fortune;*
- Warner Music Group, one of the five firms that dominate the global recorded music industry;
- leading global book publisher, with 42 percent of sales outside the U.S.;
- 150 Warner Bros. retail stores;
- the Atlanta Hawks and Atlanta Braves U.S. professional sports teams;
- Hanna-Barbera animation studios;
- 10 percent stake in France's Canalsatellite, a digital TV service;
- 100 percent of Citereseau and 49 percent of Rhone Cable Vision, two French cable television system companies;
- 90 percent of Time Warner Telecom, which offers telephone service over Time Warner cable lines;
- 37 percent stake in Road Runner, the cable Internet Access service;
- one of the largest movie-theater-owning companies in the world, with over one thousand screens, all outside the U.S.;
- 20 percent of Midi Television, first private South African television network;

- over 40 percent stake in Towani, a joint venture with Toshiba and Japan's Nippon Television to produce movies and TV programs for Japanese market and export;
- 4.5 percent stake in Enic, owner of four European football teams, and, in fifty-fifty joint venture with Time Warner, proprietor of a worldwide chain of Warner Bros. restaurants;
- 23 percent stake in Atari;
- 14 percent stake in Hasbro;
- minority stakes in the following non-U.S. broadcasting joint ventures: Germany's N-TV, European music channel VIVA, and Asian music channel Classic V;
- 31 percent stake in U.S. satellite television company Primestar;
- 25 percent stake in Japanese cable company Titus;
- 19 percent stake in Japanese cable company Chofu;
- 50 percent stake in Columbia House record club.

Yet even this formidable list fails to do justice to Time Warner's global reach. CNN International is the dominant global TV news channel, broadcasting in several languages to some two hundred nations.[88] HBO is a global powerhouse as well, having expanded successfully into both eastern and western Europe, Latin America, and most of Asia. As one observer notes, HBO's International division "gobbles up new countries."[89] The Warner Bros. film studios coproduces films with Australian, German, French, Japanese, and Spanish companies, often times not in English.[90] Warner Bros. International Television Production has joint ventures to coproduce TV series with partners in Canada, France, Germany, and Britain.[91] Even the U.S.-based magazine division is going global, with non-U.S. editions of its publications and planned acquisitions of European magazines.[92]

What really distinguishes Time Warner, and what gives it such leverage in the global market, are two related things. First, in addition to arguably *producing* more media content than any other firm, Time Warner also has the world's largest library of music, films, TV shows, and cartoons to exploit. This makes Time Warner extremely attractive to national media firms for joint ventures or simply major contracts, such as it has with Canal Plus, the satellite television power in France, Spain, and Italy.[93] Second, Time Warner has perhaps more recognizable media *brand names* than any firm in the world. Branding is considered the most crucial determinant of market success and the one factor that can assure success in the digital world, with its myriad of choices — even though the choices are controlled by a small number of owners. Branding also lends itself to extensive licensing and merchandising of products related to media characters, channels, and programming. Time Warner considers its *Looney Tunes* cartoons alone a $4 billion worldwide brand; Batman is a mere $1 billion worldwide brand. With 150 Warner Bros. retail stores and scores of licensing agreements, merchandising has become a multibillion-dollar segment of Time Warner's annual income — and what is more, it is among the fastest-growing branches of its global operations.

But nobody understands branding and merchandising better than Disney, which runs neck-and-neck with Time Warner for the honor of being the world's largest media firm. With some 660 Disney retail stores worldwide as well as merchandising and licensing deals with numerous manufacturers and retailers, Disney is evolving into what one industry observer characterizes as "the ultimate global consumer goods company."[94] Disney has moved aggressively into China; it has seven stores in Hong Kong and plans to open several more on the mainland before the century ends.[95] Disney has also carefully intertwined its media brands with its retail activities, and has done so on a global basis. There are major Disney theme parks in Japan and France as well as in the United States, a Disney passenger cruise ship line, and the company is launching DisneyQuest, a chain of "location-based entertainment" stores — that is, high-tech video arcades — centered around Disney brands.[96] Disney has even launched a planned community near its Disney World resort in Orlando, Florida, replete with Disney-run schools and social services. Disney is the master of synergies. Its animated films routinely generate vastly more income and profit from merchandising and other sources than they do from box-office receipts.

Here are some of Disney's holdings:

- the U.S. ABC television and radio networks;
- ten U.S. TV stations and twenty-eight radio stations;
- U.S. and global cable TV channels Disney Channel, ESPN, ESPN2, ESPNews, ESPN International, and major stakes in Lifetime, A&E, E! Entertainment, and History Channels;
- a stake in Americast, an interactive TV joint venture with several U.S. telephone companies;

- 43 percent of InfoSeek, an Internet portal service;
- major film studios, Miramax, Touchstone, and Walt Disney Pictures;
- TV production and distribution through Buena Vista;
- magazine publishing through its Fairchild and Chilton subsidiaries;
- book publishing holdings including Hyperion Press;
- music recording, including the Hollywood, Mammoth, and Walt Disney labels;
- world's largest theme parks and resorts, including Disneyland, Disney World, and a stake in EuroDisney;
- Club Disney, chain of children's restaurants and entertainment locations;
- Disney cruise line;
- DisneyQuest, chain of high-tech arcade game stores;
- controlling interest in Anaheim Mighty Ducks and Anaheim Angels, U.S. professional sports teams;
- 660 Disney stores worldwide;
- 50 percent stake in Super RTL, a joint venture with Bertelsmann;
- 20–33 percent stakes in the following commercial media companies: Eurosport TV network, the Spanish Tesauro SA, the German terrestrial channel RTL2, the German cable TV channel TM3, and the Brazilian TVA, a pay-TV company;
- 33 percent stake in Patagonic Film, Argentine film studio.

Disney, like Time Warner, has globalized its production and has signed production and distribution deals with firms in France, Japan, and Latin America, to mention but a few.[97] Disney's Miramax is launching a European film studio to be based in Britain.[98] Disney also has distributed its Disney TV Channel in numerous nations around the world, customizing it to local cultures and languages. Most important, Disney's ESPN International has become the world leader in televised sports. It is broadcast on twenty networks in twenty-one languages to 155 million TV households in 182 nations outside the United States. It is even available in Antarctica.[99]

Sport is arguably the single most lucrative content area for the global media industry, a point understood best of all by Rupert Murdoch, the swashbuckling CEO of News Corp. Sport was crucial in making his British Sky Broadcasting (BSkyB) the most successful satellite TV service in the world and in making the U.S. Fox TV network a full-fledged competitor of ABC, NBC, and CBS. Murdoch, more than any other figure, has been the visionary of a global corporate media empire. Using as a base his newspaper empires, first in his native Australia where he controls 70 percent of the daily circulation, and later in Britain where he is the largest newspaper publisher, Murdoch has expanded into film, publishing, and, especially, television world-wide.[100] He has established a major film studio in Australia to serve the global market.[101] Murdoch remains the most aggressive media mogul, and he has turned to joint ventures to expand his empire without using much of his own capital. "We don't see ourselves as a large corporation," Murdoch informed a closed meeting of investors in 1997. "We see ourselves as tiny compared to the world-wide opportunities for media." Murdoch has devoted inordinate attention to developing media properties in Asia and Latin America, even though News Corp. will receive the majority of its income from the United States for at least another decade. "He views these investments in multiyear terms," states a securities analyst, "even multigenerational."[102]

Here are some of News Corp.'s holdings:

- the U.S. Fox television network;
- twenty-two U.S. television stations, covering 40 percent of the U.S. population;
- Fox News Channel, U.S. and international TV network;
- 50 percent stake in fx, fxM, Fox Sports Net, Fox Kids Worldwide, Family Channel TV channels;
- 33 percent stake in Golf TV Channel;
- film studio Twentieth Century Fox;
- Twentieth Television, U.S. and international TV production and distribution group;
- over 130 daily newspapers, including *The Times* (of London) and the *New York Post,* controlling 70 percent of Australia's newspaper circulation;
- 23 magazines;
- 40 percent stake in United Video Satellite Group, publisher of *TV Guide* and interactive TV technology company;
- 30 percent stake in Echostar, U.S. satellite television company;
- book publishing, including Harper-Collins;
- the Los Angeles Dodgers professional baseball team;
- minority stake in the New York Knicks and the New York Rangers;
- option to purchase 40 percent stake in Los Angeles Kings NHL hockey team and 10 percent of Los Angeles Lakers NBA basketball team;
- controlling interest in British Sky Broadcasting (BSkyB) satellite TV service;
- through BSkyB, 32.5 percent stake in British Interactive Broadcasting, interactive television service;
- numerous Sky TV channels distributed across Britain and parts of Europe including Sky News;
- partial stake in Music Choice Europe TV channels;
- Latin American TV channels El Canal Fox and Fox Sport Noticias;
- 30 percent stake in Latin Sky Broadcasting satellite TV service to Latin America, joint venture with AT&T-TCI, Televisa, and Globo;
- following additional Latin American TV holdings: 20 percent stake in Cinecanal, pay-TV service; 12 percent stake in Telecine, Brazilian pay TV service;
- 66 percent stake in Munich TV station TM-3;
- 50 percent stake in German Vox TV network;
- controlling interest in Italian pay-TV venture, Stream;
- minority stake in Taurus, holding company that owns German Kirch media group (pending);
- Fox TV Channel (the Netherlands);
- the following European radio interests: 71 percent stake in Sky radio; 42 percent stake in Radio 538; 28 percent stake in Sky radio Sweden;
- 80 percent stake in New Zealand's Natural History Unit, the world's leading producer of nature and wildlife documentaries;
- Heritage Media, leading U.S. direct marketing company, with 1996 revenues over $500 million;
- partial stakes in two eastern European telecommunication companies: PLD Telekom (30.2 percent) and PeterStar (11 percent);
- Asian Star TV satellite TV service;
- pan-Asian TV channels: ESPN and Star Sports (four Asian

channels), Channel V music channel (four Asian channels) joint venture with major record companies, Star World, Star Plus, Star Movies (nine Asian channels);

- 50 percent stake in Indian TV channels Zee TV, El TV, and Zee Cinema;
- partial stake in Indian cable TV company Siti Cable;
- partial stake in Indonesian pay TV venture Indovision and Film Indonesia pay TV channel;
- 11.375 percent stake, with Sony, Fuji TV, and Softbank, in Japan SkyPerfecTV Broadcasting satellite TV system;
- Star Chinese Channel, broadcast across Taiwan;
- 45 percent interest in Phoenix Chinese Channel, satellite TV service for mainland China;
- partial interest in Golden Mainland Productions, TV joint venture with Taiwan Sports Development;
- Australian TV channel FoxTel;
- controlling interest in New Zealand's Independent Newspapers Ltd., controls 52 percent of New Zealand's newspaper circulation, and owns 40 percent of New Zealand's Sky Television.
- partial interest in ChinaByte, website joint venture with China's *People's Daily;*
- India Sky Broadcasting, satellite TV service;
- 50 percent stake, Australian National Rugby League;
- British First Division soccer team, Manchester United (pending approval).

The defining feature of Murdoch's global push is the establishment of satellite television systems, along with the channels and programming to be displayed on them. By 1998 Murdoch claimed to have TV networks and systems that reached more than 75 percent of the world's population. As Murdoch contends, "The borderless world opened up to us by the digital information age will afford huge challenges and limitless opportunities."[103] The archetype will be BSkyB, which not only dominates British pay television but also has launched film and program production facilities and has channels to be broadcast not only in Britain but also on European TV systems and eventually across the world.[104] Murdoch's two other main TV "brands" are the Fox channels, connected to his U.S. TV network, cable channels, and major film and TV production studios,

and his Star Television service, which News Corp. purchased in 1993, for all of Asia.

The list above barely gives a sense of how quickly Murdoch's News Corporation has made Asian television its fiefdom. In India, for example, it has equity stakes of either 50 or 100 percent in eight different networks, constituting 45 percent of the nation's total viewership in cable and satellite homes. News Corp. has six networks in China, and its Phoenix joint venture has already been cleared in 36.2 million Chinese cable TV households. In Taiwan, News Corp. has seven channels and dominates the market.[105]

In 1997, when Prince Al-Waleed invested $400 million to purchase a 5 percent stake in News Corp., he commented that "News Corp. is the only real global media company that covers the world."[106] Whether News Corp. ever fulfills its ambitions remains to be seen, and it faces numerous obstacles along the way. In India, for example, the government in 1997 cracked down on foreign ownership of media after Murdoch hired scores of former government employees to be his top local executives.[107] News Corp. has enjoyed tremendous successes and its persistence has paid off just about everywhere it has gone. But in China, Murdoch got in hot water in 1993 by remarking that new communication technologies "were a threat to totalitarian regimes everywhere."[108] And as firms like News Corp. expand through mergers and acquisitions, they run the risk of taking on large levels of debt that leaves them exposed, especially if there is a business recession.

There is no indication that Murdoch is slowing down his march across the planet. He negotiated, albeit unsuccessfully, in 1998 to purchase stakes in leading media companies in Germany, Italy, and Argentina.[109] In 1998 Murdoch established an Italian-based subsidiary, News Corp. Europe, to coordinate News Corp.'s expansion into continental television, especially in Italy, Germany, Spain, and France. As one business analyst put it, "It's D-Day and the invasion has begun."[110] Murdoch has shown a remarkable capacity to use his media properties to curry the favor of political leaders, and use that favor to advance his interests. In chapter 1 I reviewed his massive U.S. lobbying armada. It is no less impressive elsewhere. His British newspapers' surprise support for Tony Blair in the 1997 election has put him in the prime minister's very good graces, to the extent that Blair spoke on Murdoch's behalf to the Italian government when Murdoch was negotiating to buy Mediaset in 1998.[111] This conduct has not settled well with all Britons. "We have a Prime Minister," Nick Cohen observed in the *New Statesman,* "who cannot control his tongue when Rupert Murdoch's posterior passes by."[112]

All of the media giants are emulating News Corp.'s strategy of getting bigger and going global with a vengeance. In the current political environment, the global media giants are in position to make dramatic strides in short order. Thus the world is being remade before our eyes by the executives of gigantic corporations, in dogged pursuit of profit.

Global Media Culture

When turning to the implications of the emerging global media system for journalism, politics, entertainment, and culture, the same caveats provided for the discussion of U.S. commercial media culture in chapter 1 apply again. Although fundamentally flawed, the system produces much of value for a variety of reasons. Commercial entertainment can be very appealing and often plays on very attractive themes. In addition, the global media system can be at times a progressive force, especially as it enters nations that had been tightly controlled by corrupt crony media systems, as in much of Latin America, or nations that had significant state censorship over media, as in parts of Asia. But, as we will see, this progressive aspect of the globalizing media market should not be blown out of proportion; the last thing the media giants want to do anywhere is rock the boat, as long as they can do their business. The global commercial media system is *radical,* in the sense that it will respect no tradition or custom, on balance, if it stands in the way of significantly increased profits. But it ultimately is politically *conservative,* because the media giants are significant beneficiaries of the current global social structure, and any upheaval in property or social relations, particularly to the extent it reduced the power of business and lessened inequality, would possibly — no, probably — jeopardize their positions. Indeed, in this regard, the logic and trajectory of global media culture is quite similar to that of the U.S. product.

It may be a bit misleading to call the emerging system "global." As India proved with News Corporation, nations can erect huge barriers against the intrusion of transnational media corporations, whether for political, cultural, or economic reasons. As mentioned at the outset of this chapter, there is widespread concern that regulations and subsidies are necessary to protect local content.[113] Therefore, to make sense of any particular national media scene, one must take into account local laws and regulations, as well as the contours of the domestic commercial media industry. Nevertheless, the momentum is clearly in the opposite direction. Even China has put its media on a largely commercial basis, and is in the process of opening its doors to media TNCs in a manner unthinkable only two or three years ago.[114] In addition, the global commercial media system is far more developed in some parts of the world than in others. As a profit-driven enterprise, it devotes most of its attention to the wealthier sectors. In the so-called developing world, the system is accordingly oriented toward middle- and upper-class consumers. In India, this relevant market contains perhaps at the outside 300 or 400 million people — a large number, to be sure, but not overwhelming in a nation of almost one billion. Not surprisingly, an area like sub-Saharan Africa receives minimal global media attention in comparison to almost anywhere else in the world. Nor does this mean sub-Saharan nations (or the poor of India) enjoy a wealth of indigenous media, for these poorest populations have scarcely any public funds to develop media.

Presented in this manner, the logical question traditionally has been: Does the global media system represent the highest form of "cultural imperialism"? Or to put it another way: Are the largely U.S.-owned and/or U.S.-based media giants inculcating the world's peoples with western consumer values and undermining traditional cultures and values?[115] (One thinks of Disney CEO Michael Eisner's delight when someone presented him with a photograph of a woman from Timbuktu wearing a cap for Disney's Anaheim Mighty Ducks hockey team. "Now that's the definition of global reach!" Eisner enthused.)[116] The answers to these questions are yes and sort of. One of the problems with the way the issue often has been framed is that it regards culture in a static manner and assumes that corporate commercial culture equals "American" culture. As the *Economist* put it, "people who see America as a cauldron of self-obsessed, TV-centred, have-it-all sensation" fail to understand "that the country still contains deeper hungers and a respect for cultural attitudes which address them."[117] "There is nothing particularly American," the *Economist* noted in reference to the themes of Hollywood blockbuster films, "about boats crashing into icebergs or asteroids that threaten to obliterate human life."[118] The flip side of this reductionism toward U.S. culture is to regard non-U.S. cultures as pristine.

In addition, viewing the global media system in terms of national geopolitical domination may have made some sense in the 1960s and 1970s, but it is no longer an especially satisfactory construct. It is true that the U.S. government remains the steadfast advocate of the transnational media corporations worldwide. Media and computer software — the "copyright" industries — are the leading exports of the United States, to the tune of $60 billion in 1997.[119] This figure has doubled during the course of the 1990s.[120] The U.S. government therefore harasses and threatens with sanctions nations that do not respect media firms' copyrights.[121] It also uses its diplomatic leverage to get barriers to media imports reduced. President Clinton, for example, during his June 1998 China trip, pressured the Chinese government to increase its quota for U.S. films from 10 to 20 within two years.[122] In 1998, the U.S. government led the fight in the negotiations among the largest economic powers over the new multilateral agreement on investment — a bill of rights for global investors to protect them from national government regulations — to see that the MAI included all media, communication, and "cultural" activities within its province.[123] In that same year the U.S. government pressured the WTO to declare the Internet a "duty-free area," so as to encourage its commercial development.[124] In addition, the U.S. government has further relaxed its anemic antitrust standards for media mergers and acquisitions, thus permitting them to become "stronger worldwide player[s]."[125] The U.S. government even subsidizes a program to train bureaucrats and business persons around the world in how to construct commercial broadcasting systems.[126]

It is also true that the expansion of media TNCs generally greases the wheels for global markets in general — which has long been a general aim of the U.S. and other western governments. It is notable that in 1998 a leading member of the U.S. business community argued that the United States should relax its efforts to establish a global commercial media market and accept that nations might have legitimate concerns about "cultural imperialism." Such a tack, he argued, would undercut the movements against global free trade and "even bolster America's ability to export its ideas and ideals for the long haul."[127] But regardless of what the U.S. government does, U.S. firms have always enjoyed a tremendous advantage in the global media market because their huge domestic market gives them economies

of scale such that their media exports can be sold at rates well below cost of production for a smaller nation. They also have the advantage of the principal international language, English. It is telling that in 1998 several leading French film directors began working in English, as that was understood as the only way "to reach a wider international audience."[128] U.S. firms can also take advantage of their historic ability to define the terms of commercial entertainment.[129] Naturally there is a strong taste for U.S. commercial entertainment around the world: in the global marketplace, the U.S. is the 500-pound gorilla.[130]

But the impetus behind the global media system is far more corporate and commercial expansion than national geopolitics, and, as the system evolves, the material basis for providing "American" entertainment lessens. On the one hand, the "geopolitical" element of the global communication system prior to the 1990s was connected to some extent to the ideological aspect of the cold war, which is no longer a pressing concern. On the other hand, the system is moving away from direct attachment to a particular nation-state. The British film industry enjoyed a boom of sorts in the late 1990s, but did so through a series of deals with the major Hollywood studios that provided both financing and the global distribution networks necessary for success.[131] When Time Warner, for example, is earning over half its income outside the United States, when its shareholders come from all over the world, and when its production is globalized, it will still have important ties to the United States and the U.S. government; but those ties will be weakened. It will be bad business for a U.S.-based media giant to be nationalistic. "Today, the media's responsibility for helping us see the world in all its complexity is greater than ever," Time Warner CEO Gerald Levin stated in 1998. "Yet too often we are left with a superficial impression of a global village that resembles an American suburb, in which the values and viewpoints fit into familiar categories."[132] Moreover, the always dubious notion that the product of the corporate media firms represents the essence of U.S. culture appears ever less plausible as the media system is increasingly concentrated, commercialized, and globalized.

The global media system is better understood, then, as one that advances corporate and commercial interests and values, and denigrates or ignores that which cannot be incorporated into its mission. Four of the eight largest media firms are headquartered outside of the United States, but all of them — Bertelsmann, News Corp., Sony, and Seagram — are major U.S. players, indeed owning three of the major Hollywood film studios. They rank among the seventy largest foreign firms operating in the United States, based on their U.S. sales, and all but Bertelsmann rank in the top thirty.[133] There is no discernible difference in the firms' content, whether they are owned by shareholders in Japan or Belgium or have corporate headquarters in New York or Sydney. Bertelsmann CEO Thomas Middelhoff bristled when, in 1998, some said it was improper for a German firm to control 15 percent of the U.S. book publishing market. "We're not foreign. We're international," Middelhoff said. "I'm an American with a German passport."[134] Bertelsmann already generates more income from the United States than from any other nation;[135] Middelhoff's immediate goal is to boost the U.S. percentage of Bertelsmann's revenues from 31 to 40 percent.[136] "The soul of the whole entertainment business is in the U.S.," stated Bertelsmann's second-ranking executive.[137] Indeed the output of the global media giants is largely interchangeable, as they constantly ape each other's commercial triumphs.

In this light, the notion that the transnational media conglomerates ultimately will fail because people tend to prefer their local media and cultures appears wide of the mark. For one thing, the evidence is mixed, and people's tastes are malleable. There is significant indication that Hollywood-type fare is popular worldwide, and that the taste for it is growing with increased exposure. In France, arguably Europe's most culturally nationalistic nation, U.S. films account for 60 percent of box-office revenues. In Britain, U.S. films account for 95 percent of the box-office revenue.[138] In April 1998, for example, U.S. films dominated the lists of top ten box-office movies for most European nations: in France, seven of ten; in Britain, nine of ten; in Spain, ten of ten; in Italy, nine of ten; and in Germany, nine of ten. In 1996 the United States claimed 70 percent of the EU film market, up from 56 percent in 1987. Growth was comparable in Japan.[139] Indeed the trade deficit between the EU nations and the United States in films, television programs, and videos has grown steadily in the 1990s, and stood at nearly $6 billion in 1996.[140] The German market, by far Europe's largest, provides a further indicator of Hollywood dominance. Of its fifty top grossing films in 1997, forty-two were made by first-tier global media giants.[141] Nine of Germany's ten leading video rentals and nine of its top ten best-selling videos in 1997 were also produced by the Hollywood giants.[142]

Moreover, as the global media system spreads its tentacles and deepens its reach, there is reason to believe this will then shape popular tastes toward that with which they are becoming more familiar. *Variety* editor Peter Bart concluded in 1998, based upon his conversations with Hollywood executives, that "there's also growing evidence that the world filmgoing audience is fast becoming more homogeneous." Whereas "action" movies had once been the only sure-fire global fare — and comedies had been considerably more difficult to export — by the late 1990s comedies like *My Best Friend's Wedding* and *The Full Monty* were doing between $160 and 200 million in non-U.S. box office.[143] A 1998 survey of thirty-five thousand consumers in thirty-five countries, conducted by the venerable Roper Starch Worldwide research group, provided "additional evidence that consumers around the world are more similar than different." As Martha Farnsworth Riche, former director of the U.S. Census Bureau who consulted on the study, put it, certain factors once deemed crucial to understanding consumer behavior, particularly overseas, had become less important. "People aren't all that different. Their tastes are very similar," Riche stated. "When selling Whirlpools in Korea," for example, "you've got to make sure you that you don't use the taboo color, but the cultural stuff is just a wrinkle."[144]

At the same time, there is countervailing evidence. Although U.S. films dominate the European market, the box office revenues of European films in Europe are beginning to rebound, especially with the rise of the multiplex theater. In music, non-U.S. fare has been the most rapidly growing element of the global market.[145] The CEO of a Spanish media firm only stated what is virtually received wisdom across the media industries: "The most successful content in most countries is local content."[146]

But this is hardly a contradiction. To the extent that most audiences prefer locally made fare if it is of adequate quality, the global media giants, rather than flee in despair, have globalized their production.[147] This globalization of production is spurred by economic and political factors, such as the desire to establish stronger relationships with domestic broadcasters who may be required to air locally produced content.[148] When U.S. magazine publishers expand overseas they cheerfully adjust the content and language to appeal to Germans, Japanese, or Russians.[149] As the discussion above of the "holy trinity" suggests, all of the media TNCs are establishing production on a global basis.[150] Universal Pictures, for example, spent much of 1997 "busily forging international acquisition and co-production deals with a raft of filmmakers in Europe, Latin America and Asia." As *Variety* notes, "there's moolah to be made from foreign films."[151] Time Warner has found that it can enhance the appeal of its Warner Bros. films in Asia by having local musicians do a song in the native language for the film's promotional campaigns in each nation.[152] Indeed, the media TNCs' global television channels all emphasize a mixture of English-language material with a heavy dose of local languages and programming as well as programming dubbed in local languages. Time Warner's Cartoon Network is dubbed in numerous languages, including those of smaller nations like Sweden and Denmark.[153]

Animation is, in fact, ideal for dubbing; hence the children's television and entertainment market is more easily dominated by the media TNCs.[154] Viacom's Nickelodeon has a commanding presence in Latin America and parts of Europe, and launched a major expansion into Asia in 1998.[155] "For all children, the Disney characters are local characters and this is very important. They always speak local languages," a Disney executive stated. The Disney strategy, he added, is to "think global, act local."[156] This principle applies beyond animation, however, to the entire global media system: "The right mix for Western media," Rupert Murdoch informed a United Nations conference on television in the autumn of 1997, "is taking the best international programming and mixing it with local content. Localization is playing an increasingly crucial role."[157] In the case of Latin America, then, its TV media capital has become Miami, where English- and Spanish-language fare easily co-exist.[158]

The traditional notion of media or cultural imperialism also tended to regard the existing non-TNC domestic commercial media as some sort of oppositional or alternative force to the global market. That was probably a dubious notion in the past, and it does not hold true at all today. Throughout the world, media consolidation and concentration have taken place in national markets, leaving a handful of extremely powerful media conglomerates dominating regional and national markets. These firms have found a lucrative niche teaming up with the global media giants in joint ventures, offering the "local" aspect of the content, and handling the local politicians. As the head of Norway's largest media firm put it, "We want to position ourselves so if Kirch or Murdoch want to sell in Scandinavia, they'll come to us first."[159]

The notion of non-U.S. or non-TNC media firms being "oppositional" to the global system is no less far-fetched when one turns to the "Third World." Mexico's Televisa, Brazil's Globo, Argentina's Clarin, and the Cisneros group of Venezuela, for example, rank among the sixty or seventy largest media firms in the world.[160] They have extensive ties and joint ventures with the largest media TNCs, as well as with Wall Street investment banks.[161] These firms tend to dominate their own national and regional media markets, which are experiencing rapid consolidation in their own right.[162] The commercial media powerhouses of the developing world tend, therefore, to be primary advocates for — and beneficiaries of — the expansion of the global commercial media market.[163] And these Third World media giants, like other second-tier media firms elsewhere, are also establishing global operations, especially to nations that speak the same languages.[164] And within each of their home nations these media firms have distinct probusiness political agendas that put them at odds with large segments of the population.[165] In short, the global system is best perceived as one that best represents the needs of investors, advertisers, and the affluent consumers of the world. In wealthy nations this tends to be a substantial portion of the population; in developing nations, a distinct minority.

All of these trends converge in the global music industry. Music has always been the least capital-intensive of the electronic media and therefore the most open to experimentation and new ideas. U.S. recording artists generated 60 percent of their sales outside of the United States in 1993; by 1998 that figure was down to 40 percent.[166] Rather than fold their tents, however, the five media TNCs that dominate the world's recorded music market are busy establishing local subsidiaries across the world, in places like Brazil where "people are totally committed to local music."[167] Sony, for example, has led the way in establishing distribution deals with independent music companies from around the world.[168] In places like India and Japan, there has been a huge expansion of interest in traditional western pop music, combined with a maintenance of domestic musical traditions and the rise of local pop traditions that merge elements of each.[169]

This development of new and exciting forms and genres of popular music underscores the point that commercial culture is a complex process that does not always lend itself to categorical analysis. In one sense these developments demonstrate just how flexible capitalism and commercialism can be in allowing new trends and even "countercultural" patterns in the pursuit of profit.[170] But this point should not be exaggerated. Commercial imperatives put distinct (and often quite negative) limits on the nature and range of what music gets produced, as the long U.S. experience with the corporate music industry reveals.[171] (I discuss this point in chapter 1.) And to the extent that Viacom's global MTV Networks, which reach 300 million homes or one-quarter of the world's TV households, influence music, commercialism is clearly in the driver's seat.[172] As one trade publication noted approvingly, MTV provides a "seamless blend of hip music and sponsors' messages."[173]

The corporate media culture is hardly the result of some abstract value-free media market that "gives the people what they want." Highly concentrated, it gives the dominant corporations market power to give their shareholders what they can make the most profit from. That means linking media fare to all sorts of products and merchandising, as described in the discussion of the "holy trinity" above. As one observer noted, Hollywood films now have so many promotional tie-ins and deals that their competition "extends from theaters to fast-food chains to grocery aisles."[174] Disney and McDonald's have a ten-year exclusive agreement to promote each other's products in 109 nations, a relationship so detailed that the *Wall Street Journal* termed the two firms "McDisney."[175] Music labels, for example, increasingly link musical genres to clothing fashions that can also be exploited. The rise of "hip-hop" clothing in the middle 1990s has increased music industry revenues by as much as 20 percent.[176] On the other hand, and most important, the media firms devote their activities to providing advertisers with the audiences and content they want. Hence, aside from sports with its "killer" demographics of middle- and upper-class males aged eighteen to forty-nine, the other main focus of the global media system is children's television programming and its product-conscious audience.[177]

The hallmark of the global media system is its relentless, ubiquitous commercialism. At the most explicit, TV shopping channels are one of the primary growth areas around the world.[178] Similarly, "infomercials" are positively booming on global commercial television systems. Mike Levey, the U.S. "king of the infomercial," sells goods in sixty countries and in fourteen languages. Virtually unknown in his own land, Levey has become a television superstar, the

"heartthrob to the world."[179] Advertising not only dominates media, it is beginning to be used on telephone and paging systems.[180] In this commercially saturated environment, audiences barely raised their eyebrows when former Soviet premier Mikhail Gorbachev did a TV commercial for Pizza Hut in 1997.[181] In Japan, where the commercial competition to influence the teen market is intense, agencies now exist that will hire teenagers to undertake surreptitious "word-of-mouth" advertising for their corporate clients to create an artificial "buzz" about them.[182] Although media scholars can study and debate the exact nature of media effects upon people, it should be no surprise that account after account in the late 1990s documents the fascination, even the obsession, of the world's middle-class youth with consumer brands and products.[183]

Being a global market also influences the nature of film content, since the U.S. market only accounts for about 40–45 percent of Hollywood studio revenues. This may be the one area where Americans can sense how a global media market changes things; otherwise, the rest of the world is getting a taste of what has been the U.S. situation for generations.[184] Of course, globalization has some positive attributes; for example, it makes films less likely to portray Arabs or Asians in a racist manner that would undercut crucial markets. (Sometimes this effort to avoid giving offense reaches almost comic dimensions. For example, the world hockey championships in *D2*, the Disney *Mighty Ducks* sequel, depicted the thuggish "bad guys" as being from *Iceland* — a nation with probably fewer movie theaters than most U.S. suburban shopping malls!) Hollywood films are also more likely to employ international casts so as to have global box office appeal.[185] But globalization has also meant that violent films (and TV shows) receive massive attention, "while comedy and drama languish."[186] As has been well documented, violent "action" fare is the genre that crosses borders most easily and makes the most commercial sense. The result is, when filmgoers are exposed to more and more "action" films and begin to develop a taste for them, the studios piously claim they are "giving the people what they want." Violent fare also has a certain de-evolutionary logic to it. Over time, films and TV programs need to become ever more grisly to attract attention.[187] Even animal documentaries have found a worldwide niche because they feature numerous "kill sequences" and blood fights among the animals.[188]

Global Media and Neoliberal Democracy

With this hypercommercialism and corporate control comes an implicit political bias regarding the content of the media system. Consumerism, the market, class inequality, and individualism tend to be taken as natural and often benevolent, whereas political activity, civic values, and antimarket activities tend to be marginalized or denounced. This does not portend mind-control or "Big Brother," for it is much more subtle than that. (For example, Hollywood films and television programs may not present socialism in a favorable light, and will rarely criticize capitalism as an economic system overall, but they frequently use particular businesses or business persons to serve as the "bad guys." Since businesses of one kind or another rank high on many peoples' lists of disreputable operators, to avoid using them as "bad guys" in entertainment would leave the studio to resort to science fiction.)[189] Indeed, the genius of the commercial media system is the general lack of overt censorship. As George Orwell noted in his unpublished introduction to *Animal Farm,* censorship in free societies is infinitely more sophisticated and thorough than in dictatorships because "unpopular ideas can be silenced, and inconvenient facts kept dark, without any need for an official ban."[190] The logical consequence of a commercial media system is less to instill adherence to any ruling powers that be — though that can and does of course happen — than to promote a general belief that politics is unimportant and that there is little hope for organized social change.

As such, the global media system buttresses what could be termed "neoliberal" democracy, that is, the largely vacuous political culture that exists in the formally democratic market-driven nations of the world. As I mentioned in the introduction, neoliberalism operates not only as an economic system but as a political and cultural system as well. Neoliberalism works best when there is formal electoral democracy, but when the population is diverted from the information, access, and public forums necessary for meaningful participation in decision making. As neoliberal theorist Milton Friedman put it in his seminal *Capitalism and Freedom,* because profit making is the essence of democracy, any government that pursues antimarket policies is being antidemocratic, no matter how much informed popular support they might enjoy. Therefore it is best to restrict governments to the job of protecting private property and enforcing contracts, and to limit political debate to minor issues. The real matters of resource

production and distribution and social organization should be determined by market forces.[191]

Equipped with this peculiar understanding of democracy, neoliberals like Friedman had no qualms over the military overthrow of Chile's democratically elected Allende government in 1973, because Allende was interfering with business control of Chilean society. After fifteen years of often brutal and savage dictatorship — all in the name of the free market — formal democracy was restored in 1989 with a constitution that made it vastly more difficult, if not impossible, for the citizenry to challenge the business-military domination of Chilean society. That is neoliberal democracy in a nutshell: trivial debate over minor issues by parties that basically pursue the same probusiness policies regardless of formal differences and campaign debate. Democracy is permissible as long as the control of business is off-limits to popular deliberation or change; that is, so long as it isn't democracy.

Neoliberal democracy therefore has an important and necessary by-product — a depoliticized citizenry marked by apathy and cynicism. If electoral democracy affects little of social life, it is irrational to devote much attention to it. The United States provides the preeminent model of "neoliberal" democracy and shows the way for combining a capitalist economy with a largely toothless democratic polity. Sometimes these points are made explicit. Jaime Guzmán, principal author of Chile's 1980 constitution, believed that private property and investors' rights needed to be off-limits to popular debate or consideration, and he crafted Chile's "democracy" accordingly. Consider Guzmán's thoughts. "A democracy can only be stable when in popular elections . . . the essential form of life of a people is not at play, is not at risk," Guzmán explained. "In the great democracies of the world, the high levels of electoral abstention do not indicate, as many erroneously interpret them, a supposed distancing of the people from the reigning system." Noninvolvement by the bulk of the population is in fact a healthy development. Guzmán concludes that in the best form of capitalist democracy, "if one's adversaries come to power, they are constrained to pursue a course of action not very different than that which one would desire because the set of alternatives that the playing field imposes on those who play on it are sufficiently reduced to render anything else extremely difficult."[192]

Chile is held up as the greatest neoliberal success story in Latin America, perhaps even the world. As the *New York Times* put it, Pinochet's coup "began Chile's transformation from a backwater banana republic to the economic star of Latin America." And while there has been strong overall economic growth over the past decade, Chile has also seen a widening of economic inequality such that it ranks seventh worst in a World Bank study of economic stratification in sixty-five nations. But what is the caliber of political and social life in this neoliberal miracle? Prior to the 1973 coup, Chile was legendary for the intense politicization of its population, reflected by voter turnouts as high as 95 percent of the adult population. One U.S. researcher found in 1970 that Chilean teenagers were among the three least alienated, most optimistic groups of youth on earth. In the 1990s Chile is a very different nation. As one observer puts it, "Chile is perhaps the one place on earth where idolatry of the market has most deeply penetrated." In the most recent elections 41 percent of the population either did not vote, defaced their ballots, or left them blank. Voter participation among Chileans under twenty-five was considerably lower. By the canons of neoliberalism, then, Chile is a success both economically and politically.[193] Chile has seen its political life reduced to a placid, tangential spectator sport.

This hollowing out of democracy is a worldwide phenomenon in the age of the uncontested market. As a Greek peasant put it following Greece's 1996 elections: "The only right we have is the right to vote and it leads us nowhere." The very term democracy has been turned on its head so its very absence in substance is now seen as what constitutes its defining essence. The *Washington Post* noted that modern democracy works best when the political "parties essentially agree on most of the major issues."[194] Or, more bluntly, as the *Financial Times* put it, capitalist democracy can best succeed to the extent that is about "the process of depoliticising the economy."[195] (Is it even necessary to note that in a genuine democracy, the matter of who controls the economy and for what purposes would be at the *center* of political debate and consideration?)

Let me be clear about my argument. I am not stating that the global media or commercial media are solely or even primarily responsible for the type of depoliticized and demoralized political environment that exists in the United States or that has developed in Chile. My argument is that this depoliticization responds most directly to the rise of the market and commercial values to preeminence in those societies. But I am obviously generalizing; in any given nation any number of other important factors are going to influence the

nature and trajectory of its political culture, and that is true for both the United States and Chile as well. That being said, however, the global commercial media system is integrally related to neoliberal democracy with its attendant depoliticization at two levels. At the broadest institutional level, the rise of a global commercial media system has been the result of and necessary for the rise of a global market for goods and services dominated by a few hundred TNCs. Both the global commercial media system and the growth and emergence of this "global" economy are predicated upon probusiness neoliberal deregulation worldwide. On the other hand, the marketing networks offered by global media system are essential for the creation of global and regional markets for TNC goods and services. To the extent, therefore, that the neoliberal global economic order thrives upon a weak political culture, the global media system is a central beneficiary as well.

But the global media system plays a much more explicit role in generating a passive, depoliticized populace that prefers personal consumption to social understanding and activity, a mass more likely to take orders than to make waves. Lacking any necessarily "conspiratorial" intent, and merely following rational market calculations, the media system simply exists to provide light escapist entertainment. In the developing world, where public relations and marketing hyperbole are only beginning to realize their awesome potential, and where the ruling elites are well aware of the need to keep the rabble in line, the importance of commercial media is sometimes stated quite candidly. In the words of the late Emilio Azcarraga, the billionaire head of Mexico's Televisa: "Mexico is a country of a modest, very fucked class, which will never stop being fucked. Television has the obligation to bring diversion to these people and remove them from their sad reality and difficult future."[196]

The global journalism of the corporate media system reinforces these trends, with devastating implications for the functioning of political democracies. Here the trends mirror the collapse of U.S. journalism discussed in chapter 1. Again, I do not wish to exaggerate the decline of journalism to the extent that I imply the existence of some previous glorious golden age that most certainly did not exist. Privately owned press systems historically have been conservative forces, and for logical reasons: they tended to reflect the values of their owners. That bias remains: in 1998 Sweden's three largest newspapers, all Swedish-owned, take explicit "free market" editorial positions, despite the fact that Sweden continues to have significant support for prolabor, welfare state, and socialist politics.[197]

But as in the United States, journalism worldwide is deteriorating, as it has become an important profit source for the media giants.[198] Because investigative journalism or coverage of foreign affairs makes little economic sense, it is discouraged as being too expensive.[199] On the one hand, there is a relatively sophisticated business news pitched at the upper and upper-middle classes and shaped to their needs and prejudices. CNN International, for example, presents itself as providing advertisers "unrivalled access to reach high-income consumers."[200] But even in "elite" media there is a decline. The *Economist* noted that in 1898 the first page of a sample copy of the *Times* of London contained nineteen columns of foreign news, eight columns of domestic news, and three columns on salmon fishing. In 1998 a sample copy of the *Times,* now owned by Rupert Murdoch, had one international story on its front page: an account of actor Leonardo DiCaprio's new girlfriend. "In this information age," the *Economist* concluded, "the newspapers which used to be full of politics and economics are thick with stars and sport."[201] On the other hand, there is an appalling schlock journalism for the masses, based upon lurid tabloid-type stories. For the occasional "serious" story, there is the mindless regurgitation of press releases from one source or another, with the range of debate mostly limited to what is being debated among the elite. "Bad journalism," a British observer concluded in 1998, "is a consequence of an unregulated market in which would-be monopolists are free to treat the channels of democratic debate as their private property."[202]

As with entertainment, at times the media giants generate first-rate journalism, but it is a minuscule fraction of their output and often causes just the sort of uproar that media firms prefer to avoid. It is also true that some well-organized social movements and dissident political views can get coverage in the world of commercial journalism, but the playing field is far from level. And, as John Keane noted, "in times of crisis" — meaning when antibusiness social movements gain *too much* political strength — "market censorship tends to become overt."[203]

Just how bogus this commercial journalism is, when measured by any traditional notion of the communication requirements necessary for a democracy, becomes especially clear when one looks at China. There, a full-scale dictatorship with a long tradition of suppressing dissident or prodemocratic political viewpoints has no particular

problem with business news or tabloid journalism, the two main products of the so-called "free press."[204] The Chinese government media has lost most of its subsidy, and has turned to advertising as the primary means of support, with all that that suggests about content. So far the marriage of commercial media and communism has been considerably less rocky than most analysts had anticipated.[205] Indeed, it appears increasingly that the Chinese government can coexist with the corporate media giants quite comfortably. Chinese president Jiang Zemin went so far as to praise the 1997 U.S. film *Titanic* in a speech before the National Peoples Congress. "Let us not assume we can't learn from capitalism."[206]

The relationship of the media giants to China is highly instructive about their commitment to democracy as well. In 1997, when Disney had the temerity to produce *Kundun,* a film biography of the Dalai Lama, Disney's numerous media projects in China were "frozen" by the Chinese government.[207] Disney responded by working with the Chinese government to show them how to use public relations to ride out the controversy. Disney even hired super-lobbyist Henry Kissinger to go to China and "to keep China open to the Walt Disney Company."[208] The advertising that Disney was contractually obligated to provide for *Kundun* virtually eliminated any reference to Disney.[209] In the summer of 1998, Disney appointed a special executive, John J. Feenie, to coordinate its Chinese activities. Feenie observed that Disney had made "great strides toward smoothing things over with the Chinese" and it hoped to distribute more films and even build a theme park in China. Disney CEO Michael Eisner "is very serious about wanting meaningful progress in that market," Feenie stated.[210] Eisner finally made a visit to Beijing to meet the head of state in December 1998, and indications were that Disney would soon be able to resume its Chinese operations.[211] The message is clear: Disney, and any other firm that is attempting to maximize profit, will never again produce a film like *Kundun* concerning China. Nor will such a firm countenance the caliber of journalism that could significantly undermine the firm's capacity to maximize profit.

Far more striking have been the activities of Rupert Murdoch and News Corporation in China. Since Rupert Murdoch fell into the Chinese leadership's bad graces by suggesting in 1993 they would not survive the rise of satellite communication, he has bent over backwards to appease them. In 1995 he eliminated the BBC from his Star Television bouquet because the Chinese leaders thought the BBC too critical of their activities. Then, in 1996, he launched an Internet joint venture with the Chinese *People's Daily* newspaper. He also published what one critic termed a "fawning biography" of Chinese leader Deng Xiaoping, written by no less an authority than Deng Xiaoping's youngest daughter.[212] Then in 1998 Murdoch's HarperCollins canceled its contract to publish former Hong Kong governor Chris Patten's book, which was expected to be highly critical of the Chinese government. Murdoch personally ordered the cancellation — leading the HarperCollins editor to resign in protest — describing the Patten book as "boring" and beneath his standards. (Those standards had apparently been determined after the publication of the Deng Xiaoping biography.) After an extraordinary public brouhaha, Murdoch and News Corporation apologized for the cancellation and reached a settlement with Patten, but his book would be published by another press.[213] (It may be worth noting that this incident was ignored in the newspapers and news media owned by News Corporation.)[214] Following this episode, Murdoch was appointed to be one of fourteen "captains of industry" who would advise the new Hong Kong government on how to lure international investment.[215]

But Murdoch hardly will be deterred by a little bad publicity. Mandarin-language Phoenix Television, in which News Corp. has a 45 percent stake, signed major deals to gain clearance on Chinese cable television systems in 1997 and 1998, with the tacit approval of the Chinese leadership.[216] And industry observers claim Phoenix "has made significant progress in capturing advertising."[217] As the *Financial Times* put it, Phoenix "enjoys rare access into China, which has been denied to other foreign broadcasters."[218] In May 1998 Murdoch won another major victory when his Chinese partners in Phoenix Television won effective control of Hong Kong's second (of two) terrestrial broadcast stations.[219] Some sense of Phoenix's "journalism" came when a Phoenix reporter prefaced a question to Chinese premier Zhu Rongii with the words: "You are my idol."[220] In December 1998, Murdoch had a well-publicized visit with Jiang Zemin, worthy of a head of state. As a result, observers noted that Murdoch's fortunes were "rising fast in the East."[221] In stunning contrast, at the exact moment Murdoch was breaking bread with the Chinese leadership, three of China's foremost prodemocratic activists — who advocated free elections, new political parties, free speech, and independent trade unions — were given long prison sentences in the toughest crackdown on political dissidents since 1989.[222]

Compare this corporate behavior with that of Baruch Ivcher, the Peruvian whose TV station's numerous exposés of the Fujimori government's corruption and criminal activity led to the seizure of his station and caused him to flee Peru.[223] Or compare Murdoch and Eisner to Jesús Blancornelas, the Mexican newspaper editor who has faced assassination attempts for refusing to back down on his investigation into that nation's drug trade and its links to the highest echelons of Mexican society.[224] Or compare Murdoch and Eisner to Larisa Yudina, the Russian editor savagely murdered in a contract killing, whose crime was reporting the corruption of her local government.[225] Across the world there are numerous examples of heroic journalists, risking life and limb to tell the truth about the powers that be. The Brussels-based International Federation of Journalists reports forty-one journalists murdered worldwide in the line of duty in 1997, and 474 since 1988.[226] The U.S.-based Committee to Protect Journalists reported twenty-six journalists murdered worldwide in 1997, with another 129 cases of journalists wrongly imprisoned for going about their work.[227] But only in rare instances are these murdered and imprisoned journalists in the direct employ of the media giants.[228] One might posit that thugs and tyrannical governments are afraid to mess with reporters from powerful media corporations, so they concentrate on hassling the small fry. But if that was the case, why don't the types of stories that these martyrs were investigating get sustained attention in the corporate giants' media? The truth is that Baruch Ivcher, Jesús Blancornelas, Larisa Yudina, and their ilk may be courageous journalists valiantly advancing the public interest, but they lack what it takes to become successful in the brave (new) world of commercial journalism.[229]

It was ironic, indeed, when the World Bank in 1998 attributed the economic crisis in Asia to the lack of a "freer, more aggressive and more critical news media in the region" that would "put a brake on government corruption and so-called crony capitalism." The bank's own policies had been instrumental in assuring that no such media and no such journalism could possibly exist.[230]

Conclusion

As with the United States, it does not have to be this way. The "wild card" in the global media deck are the people of the world —

people constituted as organized citizens rather than as passive consumers and couch potatoes. It may seem difficult, especially from the vantage point of the United States and other wealthy nations, to see much hope for public opposition to the global corporate media system. As one Swedish journalist noted in 1997, "Unfortunately, the trends are very clear, moving in the wrong direction on virtually every score, and there is a desperate lack of public discussion of the long-term implications of current developments for democracy and accountability."[231] And, as discussed above, this political pessimism is precisely the type of political culture necessary for a neoliberal economic order to remain stable.

But there are indications that progressive political forces in nations around the world are increasingly making media issues part of their political platforms. (I discuss some of these activities in the conclusion.) As the global media system is increasingly intertwined with global capitalism, their fates go hand in hand. And despite much blathering about the "end of history" and the triumph of the market in the commercial media and among western intellectuals, the actual track record is quite dubious. Asia, the long celebrated tiger of twenty-first-century capitalism, is now mired in an economic depression. Latin America, the other vaunted champion of market reforms since the 1980s, has seen what a World Bank official terms a "big increase in inequality."[232] The ecologies of both regions are little short of disastrous. "The international economy, outside of the United States and Europe — perhaps 50% of the world," one economist noted in 1998, "is already experiencing a downturn that is worse than any that has occurred since the 1930s."[233] If this generates anything remotely like the political responses that emerged in the 1930s, all bets will be off concerning the triumph of neoliberalism and the global media market.

CHAPTER 3

WILL THE INTERNET SET US FREE?

The picture I present in chapters 1 and 2 is one of a starkly antidemocratic media system. Dominated by a handful of massive firms, advertisers, and the firms' billionaire owners, the system is spinning in a hypercommercial frenzy with little trace of public service, or public accountability. For decades, in the United States at least, the antidemocratic implications have been downplayed or ignored by the commercial media system's defenders. We should rejoice with this system, we have been told, because the government's role is minimal and this is exactly what the Founding Fathers intended with the First Amendment to the Constitution. Or, we are told, this is a truly fair and democratic media system that is ultimately controlled by the people because competition in the marketplace forces the media giants and advertisers to "give the people what they want." I address both of these arguments elsewhere in this book, especially chapters 1 and 6.[1]

In the 1990s a new argument has emerged, the effect of which is to suggest that we have no reason to be concerned about concentrated corporate control and hypercommercialization of media. This is the notion that the Internet, or, more broadly, digital communication networks, will set us free. This is hardly an unprecedented argument; every major new electronic media technology this century, from film, AM radio, shortwave radio, and facsimile broadcasting to FM radio, terrestrial television broadcasting, cable TV, and satellite broadcasting, has spawned similar utopian notions. In each case, to

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a, *Poor Democracy* is more than a prolonged wake-up call;
those who do nothing and motivates those who are trying
more democratic media that reflects the all-important
rcial values which forge a just society."—Ralph Nader

rard's Goldsmith Book Prize as well as the Kappa Tau Alpha Research Award,
oor Democracy destroys the assumption that a society drenched in commer-
"choices" is a democratic one. Robert McChesney, whom Mark Crispin Miller
test of our media historians," maintains that the major beneficiaries of the
nation Age are no more than a handful of enormous corporations, and that
ed corporate control is disastrous for any notion of participatory democracy.

Noam Chomsky hails as a "rich, penetrating study," McChesney combines
p and unprecedented detail on current events as he chronicles the recent
a mergers and acquisitions, as well as the corrupt and secretive enactment
es surrounding the Internet, digital television, and public broadcasting. He
the gradual and ominous adaptation of the First Amendment as a means
porate media power, and debunks the myth that the market compels media
he people what they want."

hesney, a research professor in the Institute of Communications Research
te School of Library and Information Science at the University of Illinois at
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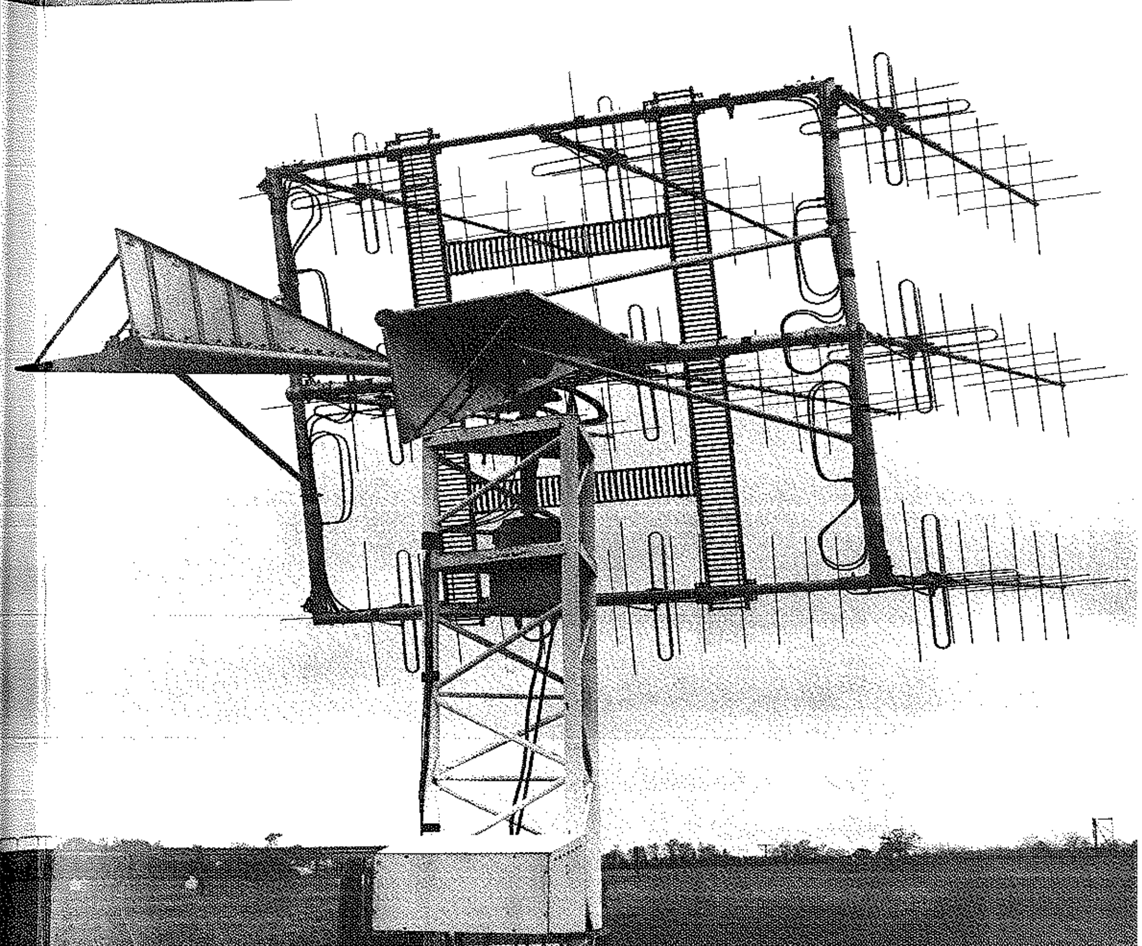
"If Thomas Paine were around, he would have written this book."—Bill Moyers



WITH A NEW PREFACE BY THE AUTHOR

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