

The Political Economy  
of International Communications  
*Foundations for the Emerging Global Debate  
about Media Ownership and Regulation*

*Robert W. McChesney and Dan Schiller*

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## Acronyms

<b>AT&amp;T</b>	American Telephone and Telegraph
<b>ABC</b>	American Broadcasting Company
<b>AOL</b>	America Online, Inc.
<b>CEO</b>	Chief Executive Officer
<b>EC</b>	European Community
<b>ESPN</b>	Entertainment and Sports Programming Network
<b>EU</b>	European Union
<b>IMF</b>	International Monetary Fund
<b>ITU</b>	International Telecommunication Union
<b>KPN</b>	Koninklijke PTT Nederland
<b>MAN</b>	Metropolitan-Area Network
<b>NAFTA</b>	North American Free Trade Agreement
<b>NBC</b>	National Broadcasting Company
<b>NTT</b>	Nippon Telegraph and Telephone Corporation
<b>NWICO</b>	New World Information and Communication Order
<b>TNC</b>	transnational corporation
<b>UNCTAD</b>	United Nations Conference on Trade and Development
<b>UNESCO</b>	United Nations Educational, Scientific and Cultural Organization
<b>USFCC</b>	United States Federal Communications Commission
<b>USTR</b>	United States Trade Representative
<b>WTO</b>	World Trade Organization

## **Summary/Résumé/Resumen**

### ***Summary***

In this paper, Robert McChesney and Dan Schiller examine the changing balance of public and private control over media and telecommunications in the global political economy, patterns of concentration and investment in the overall communication sector, and possibilities for improving the contribution of media and telecommunications to development in different parts of the world. The authors begin by discussing global media and then turn to telecommunications. They conclude with some general proposals on how media, telecommunications and new information technologies could be more systematically used to improve the situation of disadvantaged groups and nations.

Nearly all variants of social and political theory hold that the communication system is a cornerstone of modern societies. In political terms, the communication system may serve to enhance democracy, or to deny it, or some combination of the two. Less commented upon, though no less significant, the communication system has emerged as a central area for profit making in modern capitalist societies. Much scholarly effort is therefore employed to assess the relationship between communication as a private activity, and the broader and necessary social and political duties that those same communication systems must perform. This is a central and recurring theme in media studies. The dual role of the communication system, at once a pivot of the emerging global economy and a key foundation of political democracy, constitutes a vital tension on the world stage. According to McChesney and Schiller, it is imperative that citizens organize to create new communication policies in order to preserve and promote democratic values.

Few industries, indeed, have been as changed by capitalist globalization as communications. Prior to the 1980s, national media systems were typified by domestically owned radio, television and print media. There were considerable import markets for films, television shows, music and books, and these markets tended to be dominated by firms based in the United States. But local commercial interests, sometimes combined with a state-affiliated broadcasting service, were both substantial and significant. Media systems were primarily national, and often possessed at least limited public-service features. Telecommunication monopolies were generally under the direct control of state ministries of postal services and telecommunications, and these unitary national networks co-ordinated international traffic flows using standard rate-sharing formulae.

All of this began to change rapidly in the 1980s and 1990s as a transnational corporate-commercial communication system began to be crafted and a new structural logic put in place. The conventional explanation of globalized communication centres on technology: that radical improvements in communication technology make global media flows and global business operations feasible and that, in general, this is all to the good. However, this is a misleading account. Underlying the new communication technology has been a political force—the shift to neoliberal orthodoxy—which relaxed or eliminated barriers to commercial exploitation of media, foreign investment in the communication system and concentrated media ownership.

There is nothing inherent in the technology that required neoliberalism; new digital communications could have been used, for example, to simply enhance public service provision had a society elected to do so.

Two overarching principles are central to any reform platform. First, it is imperative that the debates on these topics be widespread, open and transparent: they must be democratized. If there is a lesson to be learned from history it is this: if self-interested parties make decisions in relative secrecy, the resulting policies will serve the interests primarily of those who made them. As the old saying goes, "If you're not at the table, you're not part of the deal". Our job, as scholars, as citizens, as democrats, is to knock down the door and draw some more chairs up to the table. And when we sit at that table, we have to come educated with the most accurate understanding of what is taking place, and of what outcomes are possible.

Second, the principle of public as opposed to corporate-commercial control must be recredited, fortified and enlarged. There are several proposals that have been made to re-enforce and democratize the media and telecommunication sectors. Although there are significant differences in these proposals as one moves from one nation to another, they all gravitate around a handful of ideas and principles. While it is necessary to strengthen the sector's independence of corporate and commercial control, at the same time it is highly desirable to have a significant part of the sector insulated from direct control by the state.

Robert W. McChesney and Dan Schiller are Professors at the University of Illinois at Urbana-Champaign, where they both hold joint appointments in the Institute of Communications Research and the Graduate School of Library and Information Science.

### ***Résumé***

Dans cette étude, Robert McChesney et Dan Schiller examinent l'évolution, dans l'économie politique mondiale, de la part que se taillent les secteurs public et privé dans le contrôle des médias et des télécommunications, les modèles de concentration et d'investissement dans le secteur de la communication en général et les possibilités d'améliorer, dans diverses régions du monde, la contribution des médias et des télécommunications au développement. Ils commencent par traiter des médias au niveau mondial pour se pencher ensuite sur les télécommunications. En conclusion, ils énoncent quelques propositions générales sur les moyens à employer pour que les médias, les télécommunications et les nouvelles technologies de l'information soient utilisées de manière plus systématique dans le but d'améliorer le sort des groupes et des nations défavorisés.

Presque toutes les variantes de la théorie sociale et politique font du système de communication une des pierres angulaires de la société moderne. Vu sous l'angle politique, les systèmes de communication peuvent servir à renforcer la démocratie, à la nier ou combiner les deux effets à la fois. Moins sujets à commentaires, ce qui ne les rendent pas moins importants pour autant, les systèmes de communication apparaissent comme l'un des secteurs les plus lucratifs des

sociétés capitalistes modernes. De nombreux intellectuels s'emploient donc à évaluer la relation entre les communications en tant qu'activité privée et les fonctions sociales et politiques plus larges que doivent remplir les systèmes de communication. C'est là un thème central et récurrent des études sur les médias. Le double rôle du système de communications, à la fois pivot de l'économie mondiale naissante et pilier de la démocratie politique, constitue une tension vitale sur la scène mondiale. Selon Robert McChesney et Dan Schiller, il est impératif que les citoyens s'organisent pour que voient le jour de nouvelles politiques de communications qui préservent et renforcent les valeurs démocratiques.

Peu d'industries, en effet, ont été autant transformées par la mondialisation capitaliste que les communications. Avant les années 1980, les médias nationaux étaient représentés par la radio et la télévision d'Etat ainsi que la presse. Il y avait des marchés considérables d'importation pour les films, les émissions de télévision, la musique et les livres, et ces marchés étaient généralement dominés par des entreprises siégeant aux Etats-Unis. Les intérêts commerciaux locaux, parfois associés à un service de radio ou de télédiffusion d'Etat, étaient à la fois substantiels et importants. Les médias étaient essentiellement nationaux et, souvent, présentaient au moins quelques caractéristiques du service public. Les télécommunications étaient un monopole, généralement sous contrôle direct des ministères des postes et des télécommunications, et ces réseaux nationaux unitaires coordonnaient les flux du trafic international à l'aide de formules standards de partage des taux.

Cette situation a commencé à changer rapidement dans les années 1980 et 1990 lorsqu'un système de communication commercial aux mains de sociétés transnationales s'est mis en place, accompagné d'une nouvelle logique structurelle. La technologie se trouve être l'interprétation classique donnée pour expliquer la mondialisation des centres de communication: les techniques de communication s'étant radicalement améliorées, elles permettent la circulation des flux mondiaux et des opérations commerciales mondiales dans le secteur des médias et ce, en général, pour le meilleur. Cependant, cette interprétation est tendancieuse. Les nouvelles technologies de la communication ont été sous-tendues par une force politique—le passage à l'orthodoxie néolibérale—qui a assoupli ou supprimé les obstacles à l'exploitation commerciale des médias, à l'afflux des investissements étrangers dans le système des communications et a entraîné une concentration des médias et de leurs propriétaires. La technologie n'a rien en soi qui appelle le néolibéralisme; les communications numériques auraient pu servir simplement, par exemple, à renforcer le service public, si tel pays en avait décidé ainsi.

Deux principes généraux tiennent une place centrale dans toute plate-forme de réforme. D'abord, il est impératif que le débat sur ces sujets soit aussi large que possible, marqué par l'ouverture et la transparence et qu'il se démocratise. S'il est une leçon de l'histoire, c'est bien que si les parties intéressées prennent des décisions dans un secret relativement bien gardé, les politiques qui en résultent serviront avant tout les intérêts de ceux qui les ont faites. Comme le dit un vieil adage, "si tu n'es pas à table, les affaires se font sans toi". Notre devoir d'intellectuels, de citoyens et de démocrates est de frapper à la porte et d'élargir le cercle autour

de la table et, lorsque nous nous y asseyons, de le faire avec la connaissance la plus exacte possible de ce qui se passe et des résultats possibles.

Deuxièmement, il faut remettre à l'honneur, revaloriser et étendre le principe du contrôle public par opposition à celui de sociétés commerciales. Plusieurs propositions ont été faites pour renforcer et démocratiser les secteurs des médias et des télécommunications. Bien que ces propositions présentent des variantes notables d'un pays à l'autre, elles tournent toutes autour de quelques idées et principes. S'il est nécessaire de renforcer l'indépendance du secteur par rapport aux sociétés et aux intérêts commerciaux, il est également souhaitable aussi qu'une partie importante de ce secteur soit à l'abri du contrôle direct de l'Etat.

Robert W. McChesney et Dan Schiller sont professeurs à l'Université d'Illinois à Urbana-Champaign, où ils enseignent tous deux à l'Institute of Communications Research et à la Graduate School of Library and Information Science.

### ***Resumen***

En este documento, Robert McChesney y Dan Schiller analizan las variaciones del control que ejercen los sectores público y privado sobre los medios de difusión y las telecomunicaciones en la economía política mundial, las pautas de concentración y de inversión en todo el sector de las comunicaciones, y las posibilidades de mejorar el aporte de los medios de difusión y las telecomunicaciones al desarrollo en diferentes partes del mundo. Los autores comienzan discutiendo los medios de difusión mundiales, para abordar a continuación las telecomunicaciones. Concluyen con algunas propuestas generales sobre el modo en que los medios de difusión, las telecomunicaciones y las nuevas tecnologías de la información podrían utilizarse de manera más sistemática para mejorar la situación de las naciones y grupos desfavorecidos.

Prácticamente todas las variantes de la teoría social y política sostienen que el sistema de comunicaciones es el fundamento de las sociedades modernas. En términos políticos, éste sistema puede servir tanto para potenciar como para socavar la democracia, o una combinación de ambos. Menos comentado, aunque no por ello menos importante, es el hecho de que el sistema de comunicaciones haya surgido como un ámbito central para obtener beneficios en las sociedades capitalistas modernas. Como consecuencia, los especialistas han desplegado grandes esfuerzos para evaluar la relación que existe entre las comunicaciones, como actividades privadas, y las obligaciones sociopolíticas más amplias y necesarias con las cuales estos sistemas deben cumplir. Este es un tema central y recurrente en los estudios sobre los medios de difusión. El papel doble que desempeña el sistema de comunicaciones, como base de la economía mundial emergente y como fundamento clave de la democracia política, supone una tensión de suma importancia en el mundo. Según McChesney y Schiller, es imprescindible que los ciudadanos se organicen para establecer nuevas políticas de comunicaciones encaminadas a preservar y promover los valores democráticos.

En efecto, pocas industrias han experimentado tantos cambios a causa de la mundialización capitalista como la industria de las comunicaciones. Antes del decenio de 1980, los sistemas de difusión fueron representados por la radio, la televisión y la prensa. Los mercados de importación de películas, espectáculos televisivos, música y libros eran considerables y solían estar dominados por empresas con sede en los Estados Unidos de América. Pero los intereses comerciales locales, a veces combinados con servicios de difusión estatales, eran tan importantes como esenciales. Los sistemas de difusión eran en primer instancia nacionales y a menudo tenían por lo menos características limitadas propias del servicio público. Los monopolios de las telecomunicaciones solían estar bajo el control directo de los ministerios estatales de correos y de telecomunicaciones, y estas redes únicas coordinaban el flujo de tráfico internacional usando fórmulas estándares de tarifas compartidas.

Todo esto comenzó a cambiar rápidamente en los años 80 y 90, con la creación de un sistema comercial-corporativo transnacional de comunicaciones y el establecimiento de una lógica estructural. La explicación convencional de las comunicaciones globalizadas se centra en la tecnología, es decir, gracias a las mejoras radicales en la tecnología de las comunicaciones los flujos mediáticos y las actividades comerciales mundiales se han hecho viables, y, en general, todo esto es positivo. Sin embargo, esta consideración puede ser engañosa. La nueva tecnología de las comunicaciones se fundamenta en una fuerza política—el cambio hacia la ortodoxia neoliberal—que redujo o eliminó obstáculos impuestos a la explotación comercial de los medios de difusión, la inversión extranjera en el sistema de comunicaciones y la propiedad concentrada de dichos medios. Ningún aspecto inherente a la tecnología exigía la aplicación de una política liberal; por ejemplo, podrían haberse utilizado nuevas comunicaciones digitales simplemente para mejorar los servicios públicos, si la sociedad lo hubiera considerado oportuno.

En toda reforma, hay dos principios generales fundamentales. En primer lugar, es imprescindible que se difundan ampliamente los debates sobre estos temas, y que sean abiertos y transparentes, es decir, es precisa su democratización. Si algo nos ha enseñado la historia es que, si las partes con interés propio toman decisiones de un modo más bien secreto, el resultado es la creación de políticas fundamentalmente encaminadas a atender los intereses de las partes que las hayan formulado. Según un viejo dicho, “Quien no se halla entre los comensales, no participa en el banquete”. Nuestro trabajo como profesores, ciudadanos y demócratas es derribar la puerta de la sala y acercar más sillas a la mesa. Y al sentarnos a la mesa, ya debemos tener una idea muy precisa de los hechos y de los resultados que se pueden esperar.

En segundo lugar, el principio del control público, en oposición al control comercial corporativo, debe acreditarse nuevamente, reforzarse y ampliarse. Se han formulado algunas propuestas para fortalecer y democratizar los sectores de los medios de difusión y de las telecomunicaciones. Aunque estas propuestas varían sumamente de un país al otro, todas ellas giran en torno a ideas y principios concretos. Si bien es necesario que el sector dependa en menor grado del control comercial corporativo, convendría igualmente que una parte importante del sector no estuviera bajo el control estatal directo.

Robert W. McChesney y Dan Schiller son profesores en la Universidad de Illionois en Urbana-Champaign, donde ambos comparten cátedra en el Institute of Communications Research y la Graduate School of Library and Information Science.

## **Introduction**

This paper addresses the changing balance of public and private control over media and telecommunications in the global political economy, patterns of concentration and investment in the overall communication sector, and possibilities for improving the contribution of media and telecommunications to development in different parts of the world. The paper begins by discussing global media and then looks at telecommunications. It concludes by making a few general proposals that would improve the possibility that media, telecommunications and new information technologies could be more systematically used to improve the situation of disadvantaged groups and nations.

It is axiomatic in nearly all variants of social and political theory that the communication system is a cornerstone of modern societies. In political terms, the communication system may serve to enhance democracy, or to deny it, or some combination of the two. Less commented upon, although no less significant, the communication system has emerged as a central area for profit making in modern capitalist societies. A great deal of research is therefore carried out to assess the relationship of communication as a private activity to the broader and necessary social and political duties that are also to be performed by the same communication systems. This indeed is a central and recurring theme in media studies. The dual life of the communication system, at once a pivot of the emerging global economy and a key foundation of political democracy, constitutes a vital tension on the world stage. It is imperative that citizens organize to create new communication policies that will better preserve and promote democratic values.

Before doing that, it is important to debunk some of the mythology that impedes scholars from undertaking clear analysis, and prevents citizens from being effective participants in media and communication policy making. One of these myths is the idea of the “free press”, which emerged most dynamically in the United States, and now, with the rise of neoliberalism and the global media system, has increasingly become an international phenomenon. The unhelpful assumptions about relations between government and private sector in the media underlying this myth fog the actual power relations at hand, and therefore inhibit the capacity to move toward establishing a more democratic and humane media system, and a more democratic and humane society. The assumptions take what is a complex and difficult problem for any society—how best to organize media and communication to protect core values—and turn it into a simplistic antagonism between the state and the media. There are several reasons for this faulty framework, but one stands out at the top of the list: the power of the dominant media and communication corporations to defend their interests and propagate a mythology to protect their privileged role in society. To do the mythology justice requires that the first portion of the paper focus on the United States.

## **The Mythology of Freedom of Communications in the United States**

The conventional view of the proper relationship of the government to the media, as it developed in the United States, is well known: the focus is on the free press, generated by private citizens independent of government censorship and control. Early in the history of the

republic, this meant media organized by religious organizations or political parties, even dissident parties out of power.<sup>1</sup> But over the course of US history, the notion of a non-governmental sector has come to mean that media and communication are, in effect, a function to be provided by profit-seeking businesses competing in the marketplace. (A broader notion of the non-governmental sector—going well beyond the corporate-dominated, profit-driven private sector—remains in place in parts of Europe and across much of the world. To the extent the US model is spreading, however, we may expect expanding pressure for the vision of the non-state sector to be equated with the corporate sector.) According to conventional wisdom, the First Amendment to the US Constitution guarantees this private freedom and as long as the government keeps its hands off the media, the flow of information and ideas will be safe. Without government intervention, a healthy media system will invariably rise from the rich soil of political freedom. Let the government intervene, no matter how well intended the intervention may seem, and alarm bells should go off in the minds of all liberal and right-thinking people. The government and the private media are by nature in conflict. To paraphrase the immortal words of Thomas Jefferson, if a society could have either media or government but not both, the sane choice for free people are media.

Even this summary account allows us to isolate some fatal shortcomings. It is not that the antagonism between the government and private media does not exist. Nor is it the very legitimate concern about state suppression of the press. To the contrary, what is inadequate and wrong about this conventional framing is the notion that the state plays little or no role in establishing the communication system, and that state-media relations naturally tend to be antagonistic, with the further implication that this antagonism leads invariably to a healthy democratic political culture.

In fact, however, in the United States as elsewhere, the state has always been a crucial and necessary player in the formation of successive communication systems. Not only did the United States Postal Service constitute the young nation's original—and highly dynamic and expansive—telecommunication infrastructure, but postal subsidies, which predate the revolution and are important to this day, likewise stimulated the rise of the newspaper and magazine industries. Other federal funding flows underwrote development of stage-coach, railroad, steamship and air transport industries in succession (John 1995). Government printing contracts subsidized the partisan press until the middle of the nineteenth century (Smith 1977). Libraries and public schools purchased books and created a readership for them (Gilmore 1989). Copyright, allowing authors limited right to monopolistic control over their output in exchange for their contributions to the public domain, was considered such an important policy that it was written into the Constitution. Without the government-sanctioned and enforced monopolies provided by copyright, the modern commercial communication system as we know it would be unthinkable (Vaidhyanathan 2001).

Early on, federal authorities also accorded large grants to the fledgling private telegraph systems of the United States (DuBoff 1984). Federal support, including funding, also helped

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<sup>1</sup> Pasley 2001; Martin 2001; Schiller 1981.

underwrite the extension of a unified telephone network to rural areas. When broadcasting came along the government allocated monopoly rights to extraordinarily valuable spectrum. It did the same in granting monopoly rights to cable television franchises a few decades later. Although the government did not receive a penny in return for these monopoly rights, the value of this transfer of public property to private hands is placed in the hundreds of billions of dollars, if not more. Of the eight or nine massive media conglomerates that dominate the US (and, increasingly, global) media system, the clear majority was built upon the superprofits and leverage generated by having a radio, television or cable monopoly license. Once these firms wrest the valuable monopoly licenses, their public relations staff and executives—with no sense of irony—will sometimes sound the alarm bells about “government intervention” in the “free market”, if some regulator discusses an unfavourable regulation (Streeter 1996). In the corporate view, their privileges were won by seeming immaculate conception, and should be regarded as natural and inviolable thereafter.

So the question is not whether the government plays a role in establishing communication systems, because it plays a foundational role. The question is, whose interests and what values do government communication policies encourage? When one puts the question this way, it has the effect of turning over what seemed like an unmovable rock and revealing a seamy underside of US democracy. For the history of US communication policy has been corrupted by powerful special interests, who repeatedly have done everything in their considerable power to prevent or deflect informed public participation. So it was in the 1920s and 1930s when a handful of private interests gained control over the airwaves and established commercial broadcasting in the United States, and so it has tended to be since (McChesney 1993). Today the regulatory and policy-making process is arguably more corrupt than ever, as tens of millions of dollars have made members of Congress and regulators beholden to powerful corporate lobbies, and the overwhelming majority of the public has no clue that policies are being made in their name but without their informed consent (Center for Public Integrity 2001).

Very much in accord with the larger pattern of capitalist development in the United States over the past 200 years, the communication system changed from a local and small-scale enterprise during the nation’s first few generations to a concentrated site of massive profit generation by the end of the nineteenth century. Newspapers had been highly partisan institutions closely connected to the political process for the first 50 to 100 years of the republic’s history. By the Progressive Era, newspapers—still the dominant news medium—were beginning to be held by big chain-owners and an increasing number of communities came to have but a single newspaper or, perhaps, a duopoly (Lee 1937). This generated an early crisis in communications—an early expression of the tension between market practices and democratic values.

The traditional partisanship of the press, where the editorial perspective of the paper invariably reflected the perspective of the owner, would no longer work. It was one thing to have highly partisan journalism in competitive markets where a broad range of views were available and where a new newspaper could be launched without massive amounts of capital. It was quite

another thing to have highly partisan journalism in monopolistic markets where barriers to entry prevented any new competition. In that environment, highly partisan journalism was suspect from a democratic perspective. It should be added that the partisanship was generally of a stridently pro-capitalist, anti-labour perspective (Smart 1981).

This was nothing short of a legitimacy crisis for capitalist media in a democratic society. There was much sentiment among progressives and socialists to radically transform the press system to make it a non-profit institution under the control of communities (Schiller 1996). The ultimate solution was much less radical: it was the emergence and consolidation, early in the twentieth century, of so-called professional journalism, which was to be non-partisan, politically neutral and, to its most fervent acolytes, objective. For the first time the editorial content in the news media would not automatically reflect the viewpoints of the owner (or, increasingly, the advertiser). Journalism would be produced by trained professionals who would not even let their own values cloud their judgment. There were no journalism schools in the United States in 1900; by the First World War almost all the major journalism schools had been established, almost always at the behest of powerful publishers (Kaplan 2002; McChesney and Scott 2002).

In the conventional wisdom, professional journalism solved the problem of monopoly capitalist control over the media for a democratic society. It did and does no such thing, however. Alongside its merits, which are trumpeted to all corners of the world, professional journalism also tends to generate a tepid journalism that reflects the range of existing elite opinion. It therefore reinforces conventional business-as-usual politics and marginalizes the new, the critical and the radical, especially if it is threatening to entrenched economic interests. It presupposes the capitalist status quo as the natural and proper democratic ordering of social life. On the most ominous work of the state that requires the greatest democratic monitoring—engaging in war—professional journalism has proven to be mostly a stenographer to those in power. All in all, it provides little threat to the “weak” democracy that characterizes the United States today, with its tolerance for corruption combined with rampant citizen ignorance and depoliticization (Macpherson 1977).

In short, when one combines all of the above, the often stated idea that the private communication system has an adversarial relationship with a government hell-bent on socialism is ludicrous. Even a more temperate version of the same argument should be regarded with suspicion. Private, corporate media and governments are far better seen as partners, and both far more adept at serving those who sit atop the social pyramid than those who are found closer to the bottom. This is a “weak” democracy, by traditional standards. Indeed, the main defence of the current calibre of democracy in the United States is that it is the best one can hope for.

## **The Move To Neoliberalism: The US System Goes Global**

The United States is important in this context because it is the US model of communication provision (including both media and telecommunications) that is being exported across the

planet. Policy debates have been similar in many nations, except that outside the United States, public interest advocates have tended to be somewhat more successful and corporate media interests perhaps have not been as effective. The emergence of powerful systems of public broadcasting in most of the world's democracies in the twentieth century is a testament to the strength of anti-corporate citizens' lobbies. As far as issues of global communication policy—telegraphy, telephony, spectrum allocation and so forth—are concerned, these have almost always been hashed out among the elite of the nation-states, with minimal public involvement. The most powerful nations dominated successive rounds of negotiations, the United Kingdom before the First World War, and the United States after 1945 (Headrick 1995).

The odd ones out, so to speak, in this arrangement, have been the world's poor nations. Prior to the 1960s, most of those located in Asia and Africa were colonies and others, like the small Latin American republics, were treated like semi-colonies. Their communication systems were designed to suit the needs of the colonial masters. Following the post-Second World War wave of national independence, the so-called Third World nations organized a campaign to establish the New World Information and Communication Order, or NWICO (Nordenstreng with Hannikainen 1984). The idea, developing within the more encompassing context of a demand by these countries for a New International Economic Order, was to insist—in the United Nations Educational, Scientific and Cultural Organization (UNESCO) and other venues—that industrialized countries provide the resources needed by poor nations to establish viable communication systems of their own, allowing them to become genuinely independent of their former colonizers. This programme was far from perfect or well organized, and it met with an icy response from industrialized countries. Capping years of unrelenting effort to divert, deflect or derail it, the United States under President Ronald Reagan (and its chief ally, the United Kingdom, under Prime Minister Margaret Thatcher) withdrew from UNESCO. The movement's disintegration followed, as the global political economy began to be reorganized on some new lines (Schiller 1992).

In fact, the trajectory followed since the 1980s by the global political economy has run directly counter to notions like the NWICO. The age of neoliberalism, or corporate globalization, unleashed national and international policies highly supportive of business domination of all social affairs—with minimal countervailing force. The market became the font of all that was good and true in the world. Profit-seeking corporations and globe-trotting investors were the heroes of economic development. Unions, tariffs, taxes, public investment and regulations—anything that got in the way of corporate accumulation strategies—were the evil demons on the world stage. Government was to be lean and mean, at least with regard to serving the interests of the poor or working class. With regard to the needs of the wealthy and large corporations, governments were to be sympathetic and benevolent, though this point was not to be given much attention. The idea that people could govern their lives through informed self-government and a vibrant public sphere was dismissed as overrated; after all, such political cultures invariably interfered with the market and tended therefore to be economically inefficient. Instead people were only to be trusted in the market, as buyers and sellers. Everything else was secondary.

Why has this taken place? The dramatically altered context of the 1990s—not only the continuing enlargement of the defining unit of contemporary enterprise, the transnational corporation, but also the collapse of Soviet socialism, coupled with China’s embrace of the market—created new space in which to reorganize and expand the processes of capitalist globalization. The agencies of market-led development were quick to make use of these opportunities. Corporate foreign direct investment shot skyward, and a spectacular surge ensued in cross-border corporate mergers and acquisitions: the value of completed cross-border buyouts rose from less than \$100 billion in 1987 to \$1.14 trillion (current dollars) in 2000 (UNCTAD 2001:10, Table 1.1.). Under way was a reconfiguration of ownership and operations that was remaking nationally integrated markets and production systems into “a global market for goods and services and...an international production system, complemented by an increasingly global market for firms” (UNCTAD 2000:xx). This transformation, still ongoing, both relies on and largely motivates a concurrent process of corporate-led transformation around communications (Schiller 1999b).

Few industries, indeed, have been as changed by capitalist globalization as communications. Before the 1980s and 1990s, national media systems were typified by domestically owned radio, television and print media. There were considerable import markets for films, TV shows, music and books, and these markets tended to be dominated by US-based firms. But local commercial interests, sometimes combined with a state-affiliated broadcasting service, were both substantial and significant. Media systems were primarily national, and often possessed at least limited public-service features. Telecommunication monopolies were generally under the direct control of state ministries of posts and telecommunications, and these unitary national networks co-ordinated international traffic flows using standard rate-sharing formulae (McChesney 2000, chapter 2; Schiller and Mosco 2001).

All of this began to change rapidly as a transnational corporate-commercial communication system began to be crafted and a new structural logic put in place. The conventional explanation of globalized communication centres on technology: that radical improvements in communication technology make global media flows and global business operations feasible and that, in general, this is all to the good. However, this is a misleading account. Underlying new communication technology has been a political force—the shift to neoliberal orthodoxy, which relaxed or eliminated barriers to commercial exploitation of media, foreign investment in communication systems, and concentrated media ownership. There is nothing inherent in the technology that required neoliberalism; new digital communications could have been used, for example, simply to enhance public service provision had a society elected to do so. Encased in a framework of neoliberal practice and policy, however, communications instead suddenly became subject to transnational corporate-commercial development.

The rise of neoliberalism was complex but, where possible, carefully orchestrated. The United States government, in particular, aggressively and persistently acted as if only a profit-driven media system as in the United States, with US-style professional journalism, could be considered acceptable for a free society. As many nations came up short in that department, the

government worked to eliminate barriers so the world's people could have greater exposure if not to US-based, then at least to US-style commercial media. Once the national deregulation of media took place in major countries like the United States and the United Kingdom, it was followed by transnational measures like the North American Free Trade Agreement (NAFTA) and the World Trade Organization (WTO), all intent on establishing regional and global marketplaces (Mosco and Schiller 2001). On the other hand, the United States selectively opened significant portions of its unrivalled domestic media market—chiefly in film, recording and publishing, but with limited extension as well to broadcasting and telecommunications—to increasingly extensive foreign corporate investment.

Neoliberal development of the global media system has not been unopposed. While emerging media conglomerates pressed for policies to facilitate their domination of markets throughout the world, strong traditions of protection for domestic media and cultural industries persisted. Countries ranging from Norway, Denmark and Spain to Mexico, South Africa and the Republic of Korea keep their small domestic film production industries alive with government subsidies. In the summer of 1998, culture ministers from 20 countries, including Brazil, Mexico, Sweden, Italy and Côte d'Ivoire, met in Ottawa to discuss how they could build some ground rules to protect their cultural fare from what they referred to as the Hollywood juggernaut. Their main recommendation was to keep culture out of the control of the WTO. A similar gathering in 1998, sponsored by UNESCO in Stockholm, recommended that culture be granted special exemptions in global trade deals. The basic trend, just the same, was clearly in the direction of opening markets ever further to corporate-commercial exploitation. If the WTO is explicitly a pro-commercial organization, the International Telecommunication Union (ITU) has only become one after a long march from its traditional commitment to public service values in telecommunications (Molony 1999).

Proponents of neoliberalism in every country argue that cultural trade barriers and regulations harm consumers, and that subsidies inhibit the ability of nations to develop their own competitive media firms. Strong commercial-media lobbies within countries often assert that they have more to gain by opening up their borders than by maintaining trade barriers. In 1998, for example, when the UK government proposed a voluntary levy on film and theatre revenues (mostly Hollywood films) to benefit the UK commercial film industry, UK broadcasters, not wishing to antagonize the firms who supply their programming, lobbied against the measure until it died.

The European Commission (EC), the executive arm of the European Union (EU), also finds itself in the middle of controversy concerning media policy. On the one hand, the EC is committed to building powerful pan-European communication companies that can go toe-to-toe with the US-based giants. On the other hand, it is committed to maintaining some semblance of competitive markets, so it occasionally rejects proposed media mergers as being anti-competitive (Stern 2000c). The wave of commercialization of European media has put the EU in the position of condemning some of the traditional subsidies to public service broadcasters as “noncompetitive” (Stern 2000a, 2000b). Despite some controversy, public service broadcasting,

once the media centrepiece of European social democracy, was placed on the defensive, and increasingly reduced to locating a semi-commercial niche in the global system (Goldsmith 2000; Larsen 2000). Yet, as a quasi-democratic institution, the EU is subject to some popular pressure that is unsympathetic to commercial interests. But, rather than reversing, this only qualifies the general direction.

To grasp the momentous, multifaceted changes in political-economic structure that resulted from acceptance, or at least acquiescence, to neoliberal principles, one must start with the global system, and then factor in differences at the national and local levels. This paper first examines the media sector and then telecommunications. "What you are seeing", says Christopher Dixon, media analyst for the investment firm 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". A few leading conglomerates thus dominate the larger process of reorganization, and aspire to grow still larger and more diversified to reduce risk, avoid being outflanked by rivals and enhance profit-making opportunities. The upside is high; this is a market that some anticipate will have trillions of dollars in annual revenues within a decade.

## **The Global Media System**

The rise of a global corporate media oligopoly has two distinct but related facets. First, it means the dominant companies—roughly one-half US-based, but all with significant US operations—are moving across the planet at breakneck speed. The new mantra for these dominant companies is to capitalize on the potential for growth abroad without being outflanked by competitors—in part because the US market is well-developed and only permits incremental expansion; in part because advertisers increasingly demand the ability to market to "most-desired" consumers on an integrated transnational basis; and in part because, to sell most effectively, programme-sourcing and distribution too are being reconstituted as transnational operations. As Viacom Chief Executive Officer (CEO) Sumner Redstone has put it, "Companies are focusing on those markets promising the best return, which means overseas". Frank Biondi, former chairman of Vivendi's Universal Studios, asserts that "99 per cent of the success of these companies long-term is going to be successful execution offshore".

The dominant media firms increasingly present themselves as supranational entities. Bertelsmann CEO Thomas Middelhoff bristled when, in 1998, some said it was improper for a German firm to control 15 per cent of both the US book publishing and music markets. "We're not foreign. We're international," Middelhoff said. "I'm an American with a German passport". In 2000 Middelhoff proclaimed that Bertelsmann was no longer a German company. "We are really the most global media company" (Kirkpatrick 2000b). Likewise, AOL Time Warner's Gerald Levin stated, "We do not want to be viewed as an American company. We think globally" (Schechter 2000). And Vivendi Universal's CEO, Maurice Messier, who lives in New York as well as Paris, has rejected any hint that the company he heads is French.

Second, consolidation within and across each and every market segment is the order of the day. As local and regional media markets develop, specific companies—in many cases, new ones, built up around privatized broadcast systems or constituted around new media—began to link up rapidly with one or another of a few emergent global giants. In each industrial niche, in turn, concentration duly increased, even as new subsidiaries of huge global media conglomerates continued to form. To give a small example, the US market for educational publishing is now controlled by four firms, whereas it had two dozen viable players as recently as 1980 (*The Economist* 2000c).

The logic guiding media firms in all of this was clear—get very big very quickly, or get swallowed up by someone else—just as it was in many other industries. “There will be less than a handful of end-game winners,” the CEO of Chase Manhattan announced in September 2000. “We want to be an end-game winner” (*Business Week* 2000). In short order, the global media market came to be dominated by nine transnational corporations (TNCs): General Electric (owner of NBC), Liberty Media, Disney, AOL Time Warner, Sony, News Corporation, Viacom, Vivendi Universal and Bertelsmann. None of these companies existed in its present form as recently as 15 years ago; today nearly all of them rank among the largest 200 non-financial firms in the world (*Wall Street Journal* 2000). Of the nine, only five are truly US firms, though all of them have core operations there. Between them, these nine companies own the major US film studios; the US television networks; 80-85 per cent of the global music market; the majority of satellite broadcasting worldwide; all or part of a majority of cable broadcasting systems; a significant percentage of book publishing and commercial magazine publishing; all or part of most of the commercial cable TV channels in the US and worldwide; a significant portion of European terrestrial television; and on and on and on.

These behemoths were created by the largest merger movement ever to hit the communication industry. “I’m a great believer that we are going to a world of vertically integrated companies where only the big survive,” said Gordon Crawford, an executive of Capital Research & Management, a mutual fund that is among the largest shareholders in many of the nine firms listed above (Bianco 2000). For firms to survive, *Business Week* observes, speed is of the essence. “Time is short” (Bianco 2000). The rapidity of the consolidation process has, indeed, been positively stunning. “In a world moving to five, six, seven media companies, you don’t want to be in a position where you have to count on others,” Peter Chernin, the president of News Corporation states. “You need to have enough marketplace dominance that people are forced to deal with you.” Chernin elaborates: “There are great arguments about whether content is king or distribution is king. At the end of the day, scale is king. If you can spread your costs over a large base, you can outbid your competitors for programming and other assets you want to buy” (Hansell 2000). By 2000, massive cross-border deals—like Pearson merging its television operations with CLT and Bertelsmann, or Vivendi purchasing Universal—were increasing in prominence (Mermigas 2000b). Through such takeovers, in turn, large chunks of national communication industries were recast as units of transnational combines.

Chernin's firm, Rupert Murdoch's News Corporation, though it lags behind some of its rivals in revenues, may be the most aggressive global trailblazer, but cases also could be made for several of the others. Murdoch spun off Sky Global Networks in 2000, consolidating his satellite television services that run from Asia to Europe to Latin America (Goldsmith and Dawtrey 2000). His Star TV dominates in Asia with 30 channels in seven languages (Jacob 2000). News Corporation's television service for China, Phoenix TV, in which it has a 45 per cent stake, in 2000 reached 45 million homes there and enjoyed an 80 per cent increase in advertising revenues (admittedly from a small base) over the prior year (Groves 2000). And this barely begins to describe News Corporation's entire portfolio of assets: Twentieth Century Fox films, Fox TV network, HarperCollins publishers, television stations, cable TV channels, magazines, over 130 newspapers, and professional sport teams.

Consolidation within the global media system is linked strongly to reciprocal changes in the structure of world advertising. Advertising is a business expense made preponderantly by the largest firms in the economy. The commercial media system is the necessary transmission belt for business to market their wares across the world; indeed globalization as we know it could not exist without it. A whopping three-quarters of global spending on advertising ends up in the pockets of a mere 20 media companies (*The Economist* 2000b). Spending on advertising grew by leaps and bounds in the past decade as television was opened to commercial exploitation, and was increasing at more than twice the rate of the growth of gross domestic product (GDP) (Tomkins 2000) before the bottom fell out of the market in 2001. Five or six super-advertising agencies emerged over the same span to dominate this \$400 billion global industry. The consolidation in the global advertising industry was just as pronounced as that in global media, and the two are related. "Mega-agencies are in a wonderful position to handle the business of mega-clients," one ad executive notes (Elliott 2000). It is "absolutely necessary...for agencies to consolidate. Big is the mantra. So big it must be," another executive stated (Teinowitz and Linnett 2000).

But we must not neglect an important second tier of less than 100 firms, which are national or regional powerhouses. Between one-third and one-half of second-tier firms come from North America; most of the rest are from Western Europe and Japan. Sometimes these companies control niche markets, like business or trade publishing. Many national and regional conglomerates have been established on the backs of publishing or television empires, as in the case of Denmark's Egmont. Each of these second-tier firms is a considerable enterprise in its own right, often ranking among the 1,000 largest companies in the world and doing more than \$1 billion per year in business. In the countries where they are economically significant, they characteristically exercise an important influence over domestic policy making. The roster of second-tier media firms from North America includes Dow Jones, Gannett, Knight-Ridder, Hearst and Advance Publications, and among those from Europe are the Kirch Group (entering bankruptcy at the time of writing), Mediaset, Prisa, Pearson, Reuters and Reed Elsevier. The Japanese companies, aside from Sony, remain almost exclusively domestic producers. Several others are based in less developed countries.

Although the continuing proliferation of new media has created some new opportunities for smaller firms, across the globe there has been a shakeout in national and regional media markets, with smaller units getting eaten by medium firms and medium firms being swallowed by big ones. Compared with 10 or 20 years ago, a much smaller number of much larger firms now dominate the media at the national and regional levels. In the United Kingdom, for example, one of the few remaining independent book publishers, Fourth Estate, was sold to Murdoch's HarperCollins in 2000 (Kirkpatrick 2000a). A wave of mergers has left German television advertising—the second largest television market in the world—in the hands of Bertelsmann and the remnant of Kirch (Rohwedder 2000). Indeed, a wave of mergers has left all of European terrestrial television dominated by five companies, three of which rank in the global first tier (Reed 2000). The situation may be most stark in New Zealand, where the newspaper industry is largely the province of the Australian-American Rupert Murdoch and the Irishman Tony O'Reilly, who also dominates New Zealand's commercial radio broadcasting and has major stakes in magazine publishing; Murdoch controls pay television. In short, the rulers of New Zealand's media system could squeeze into a closet.

Second-tier corporations, like those in the first-tier, themselves perceive a need to reach beyond national borders. "The borders are gone. We have to grow," the Chairman of Canada's CanWest Global Communications stated in 2000. "We don't intend to be one of the corpses lying beside the information highway" (Brooke 2000). "We have to be Columbia or Warner Brothers one day" (Cherney 2000). The CEO of Bonnier, Sweden's largest media conglomerate, says that to survive, "we want to be the leading media company in Northern Europe" (Brown-Humes 2000). Australian media moguls, following the path blazed by Murdoch, have the mantra "Expand or die". As one puts it, "You really can't continue to grow as an Australian supplier in Australia". Mediaset, the Berlusconi-owned Italian television power, is angling to expand into the rest of Europe and Latin America. Perhaps the most striking example of second-tier globalization is Hicks, Muse, Tate and Furst, the US radio/publishing/television/billboard/movie theatre power that has been constructed almost overnight. Between 1998 and 2000 it spent over \$2 billion purchasing media assets in Mexico, Argentina, Brazil and Venezuela (Sutter 2000).

Second-tier media firms are hardly "oppositional" to the global system. This is true as well in developing countries. Mexico's Televisa, Brazil's Globo, Argentina's Clarin and Venezuela's Cisneros Group, for example, are among the world's 60 or 70 largest media corporations. These firms tend to dominate their own national and regional media markets, which have been experiencing rapid consolidation as well. They have extensive ties and joint ventures with the largest media TNCs as well as with Wall Street investment banks. In Latin America, for example, the second-tier firms work closely with the US giants who are carving up the commercial media pie among themselves. Televisa or Globo can offer News Corporation, for example, local domination of the politicians and the impression of local control over their joint ventures. And like second-tier media firms elsewhere, they are also establishing global operations, especially in countries that speak the same language. As a result, the second-tier media firms in the developing countries tend to have distinctly pro-business political agendas

and to support expansion of the global media market, which puts them at odds with large segments of the population in their home countries.

Together, less than 100 first- and second-tier giants control much of the world's media: book, magazine and newspaper publishing; music recording; television production; television stations and cable channels; satellite television systems; film production; and motion picture theatres. But the system is still very much in formation. The end result of all this activity by second-tier media firms may well be the eventual creation of one or two more giants, and it almost certainly means the number of viable media players in the system will continue to plummet. Some 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 corporations get no guarantee of success merely by going global. The point is that the new structural logic of the communication industry leaves them little choice in the matter. To anticipate a point made more fully below, some, perhaps many, will falter as they accrue too much debt or as they enter unprofitable ventures. However, we are probably closer to the end of the process of establishing a stable global media market than to the beginning. And as it takes shape, 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.

The global media system does not conform to the axiomatic principle of competition propounded by mainstream economists. Many of the largest media firms have some of the same major shareholders, own portions of one another or have interlocking boards of directors. When *Variety* compiled its list of the 50 largest global media firms for 1997, it observed that "merger mania" and cross-ownership had "resulted in a complex web of interrelationships" that would "make you dizzy". The global market strongly encourages corporations to establish equity joint ventures in which the media giants all own a part of an enterprise. This way, 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 12 largest private media companies in Europe, expressed it to *Variety*, the strategy is "not to compete with international companies but to join them".

In some respects, indeed, the global media market more closely resembles a cartel than it does the competitive marketplace found in economics textbooks. In competitive markets, in theory, numerous producers work hard and are largely oblivious to each other as they sell what they produce at the market price, over which they have no control. This fairy tale, still regularly regurgitated as being an apt description of our economy, is ludicrous when applied to the global media system. The leading CEOs are all on a first-name basis and they regularly converse. Even those on unfriendly terms, like Murdoch and AOL Time Warner's Ted Turner, understand they have to work together for the "greater good". "Sometimes you have to grit your teeth and treat your enemy as your friend," the former chairman of Universal, Frank Biondi, concedes (Grover and Siklos 1999). The head of Venezuela's huge Cisneros group, which is locked in combat over Latin American satellite television with News Corporation, says about Murdoch: "We're friends. We're always talking" (Hoag 2000). Moreover, all the first- and

second-tier media firms are connected through their reliance upon a few investment banks like Morgan Stanley and Goldman Sachs that direct most of the huge media mergers. Those two banks alone put together 52 media and telecom deals valued at \$450 billion in the first quarter of 2000, and 138 deals worth \$433 billion in all of 1999 (Mermigas 2000b).

The issue of cartelized co-ordination versus true economic rivalry is a complicated one and in some respects the system still generates fierce corporate and market competition. But in the political realm, above all, support for deepened corporate-commercial system development is both concerted and general. This form of conscious co-ordination makes the media giants particularly effective political lobbyists at the national, regional and global levels.

But what about media content? Global conglomerates can at times have a progressive impact on culture, especially when they enter countries that had been tightly controlled by corrupt, crony-controlled media systems (as in much of Latin America) or those that had significant state censorship over media (as in parts of Asia). The global commercial media system is radical in that it will respect no tradition or custom, on balance, if it stands in the way of profits. But ultimately it is politically conservative, because the media giants are significant beneficiaries of the current social structure around the world, and any upheaval in property or social relations—particularly to the extent that it reduces the power of business—is not in their interest.

The “Hollywood juggernaut”, or the spectre of US cultural imperialism, remains a central concern in many countries for obvious reasons. Exports of US films and television shows increased by 22 per cent in 1999 (Guider 2000), and the list of the top 125 grossing films for 1999 is made up almost entirely of Hollywood fare (D’Alessandro 2000). When one goes country by country, even a “cultural nationalist” country like France had nine of its top 10 grossing films in 1999 produced by the Hollywood giants (Grey 2000). “Many leftist intellectuals in Paris are decrying American films, but the French people are eating them up,” a Hollywood producer noted (Lyman 2000). Likewise, in Italy, the replacement of single-screen theatres by multiplexes has contributed to a dramatic decline in local film box office revenues (Rooney 2000). The moral of the story for many European filmmakers is that you have to work in English and employ Hollywood moviemaking conventions to succeed (Foreman 2000). In Latin America, channels controlled by media giants overwhelm local cable television and the de facto capital for the region is Miami (*TV International* 2000).

The notion that Hollywood firms are merely purveyors of US culture is ever less plausible as the media system becomes increasingly concentrated, commercialized and globalized. The global media system is better understood as one that advances corporate and commercial interests and values, and denigrates or ignores that which cannot be incorporated into its mission. There is no discernible difference in the firms’ content, whether they are owned by shareholders in Japan or France or have corporate headquarters in New York or Sydney.

As the media conglomerates spread their tentacles, there is reason to believe they will encourage popular tastes to become more uniform in at least some forms of media. Based on conversations with Hollywood executives, *Variety* editor Peter Bart concluded, “the world film-going audience is fast becoming more homogeneous”. Whereas action movies had once been the only sure-fire global fare—with comedies considerably more difficult to export—by the late 1990s, comedies like *My Best Friend’s Wedding* and *The Full Monty* were doing between \$160 million and \$200 million in non-US box-office revenues.

When audiences appear to prefer locally made fare, the global media corporations, rather than flee in despair, globalize their production. Sony has been at the forefront of this, producing films with local companies in China, France, India and Mexico, to name but a few (Brodeser 2000; Duke 2000). India’s acclaimed domestic film industry—“Bollywood”—is also developing close ties to the global media giants (*The Economist* 2000d). This process is even more visible in the music industry. Music has always been the least capital-intensive of the electronic media and therefore the most open to experimentation and new ideas. US recording artists generated 60 per cent of their sales outside the United States in 1993; by 1998 that figure was down to 40 per cent. Rather than fold their tents, however, the four media transnationals that dominate the world’s recorded-music market are busy establishing local subsidiaries in places like Brazil, where “people are totally committed to local music”, in the words of a writer for a trade publication. Sony, again, has led the way in establishing distribution deals with independent music companies from around the world.

With hypercommercialism and growing corporate control comes an implicit political bias in media content. Consumerism, class inequality and individualism tend to be taken as natural and even benevolent, whereas political activity, civic values and anti-market activities are marginalized. The best journalism is pitched to the business class and suited to its needs and prejudices; with a few notable exceptions, the journalism reserved for the masses tends to be the sort of drivel provided by the media giants on their US television stations. In India, for example, influenced by the global media giants, “the revamped news media...now focus more on fashion designers and beauty queens than on the dark realities of a poor and violent country” (Mishra 2000). This slant is often quite subtle. 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”.

Lacking any necessarily conspiratorial intent and acting in their own economic self-interest, media conglomerates exist simply to make money by selling light escapist entertainment. The late Emilio Azcarraga, the billionaire founder of Mexico’s Televisa, reflected this position in saying that Mexico was a country with a modest, downtrodden class, which would always be downtrodden, and television had “the obligation to bring diversion to these people and remove them from their sad reality and difficult future” (Wheat 1996:13). The combination of neoliberalism and corporate media culture tends to promote a deep and profound de-

politicization. One need only look at the United States to see the logical endpoint (Perry 2000). But de-politicization has its limits, as it invariably runs up against the fact that we live in a social world where politics have tremendous influence over the quality of our lives.

Finally, a word should be said about the Internet, the two-ton gorilla of global media and communications. The Internet is increasingly becoming a part of our media and telecommunication systems, and a genuine technological convergence is taking place. Accordingly, there has been a wave of mergers between traditional media and telecom firms, and each of them with Internet and computer firms. Already companies like Microsoft, AOL Time Warner and Telefónica have become media powerhouses in their own right. It looks like the global media system is in the process of becoming a globally integrated, commercial communication system where a handful of “supercompanies” will rule the roost. The notion that the Internet would “set us free”, and permit anyone to communicate effectively, hence undermining the monopoly power of the media giants, has not materialized. To the extent the Internet becomes part of the commercially viable media system, it seems to be under the thumb of the usual corporate suspects. Although the Internet offers extraordinary promise in many regards, it betrays no intrinsic anti-commercial logic or principle. Paradoxically, however, commercially viable media content Internet sites remain few and far between—and, today, it would be difficult to find an investor willing to bankroll any additional attempts. This shift attests a sea-change in the overall economic climate.

### **Global Consolidation: A Two-Stage Process**

The pace and extent of communication industry reorganization have been breathtaking. Yet two stages in the consolidation process should be distinguished. During the first phase, between the mid-1980s and the year 2000, mergers and acquisitions across media industry segments and across national borders were especially prolific. Complexities and obstacles, of course, were evident. Rupert Murdoch almost drove his News Corporation into bankruptcy around 1990 by buying too much too fast. In some countries, moreover, especially developed market economies such as Germany and the United States, limits continued to be placed on foreign corporate takeovers of domestic electronic media. But the process of consolidation continued, enabled and, in important ways, driven, by the highflying stock market—which inflated the valuations of the very largest companies to astonishing levels. In the first half of 2000, reaching fever pitch, the number of merger deals in global media, Internet and telecommunications totalled \$300 billion, triple the figure for the first six months of 1999, and exponentially higher than the figure 10 years earlier (Mermigas 2000a). The currency used for most of these transactions was the inflated stock of the acquiring company but, because takeover targets also enjoyed inflated valuations, these were unprecedentedly expensive transactions full of fat fees for helping lawyers, accountants and investment bankers.

But then, the neoliberal reorganization of global communications shifted into a distinctly different phase, itself a direct outgrowth of the first. It was abundantly clear by 2001, following the collapse of the technology stock bubble, that transnational consolidation in the

communication industry had ceased to be driven by the upward movement of share prices and the resulting euphoria of investors (and, often, executives) about virtually any proposed transaction. Henceforth, system development would be governed by different considerations. To be sure, the new framework continued to be set by the financialized capitalism that had established the mores of the casino as the core principles of the political economy. Predictably enough, however, with the collapse of the technology stock bubble in 2000, it would be the dog-eat-dog logic of the shake-out that dominated. Companies rendered suddenly vulnerable by nuances of what had been a generally shared past practice entered a period of multifaceted crisis.

A vital result of the buildup of would-be global communication companies over the course of the 1990s was massive corporate indebtedness. Using inflated stock to pay for equally overvalued acquisitions and selling bonds in order to outbid rivals competing for programming rights, communication companies found themselves saddled with enormous debt loads; Disney, to choose an example, in 2002 owed \$11.9 billion for sports programming for its ESPN and ABC networks (Orwall 2002). AOL Time Warner carried \$22.8 billion in debt at the end of 2001, before it paid \$7 billion to Bertelsmann to extricate from a prior partnership venture (Waters and Grimes 2002). Company after company found itself reeling from obligations; some, such as Adelphia, a second-tier US cable operator, apparently tried to hide them. This growing debt overhang ultimately became a source of profound instability.

Blue-chip media behemoths found themselves declaring staggering, unprecedented, write-offs; after its market value plunged from \$290 billion to \$135 billion, AOL Time Warner, to take the most egregious example, was set to take an “impairment charge for goodwill” of \$54 billion (Loomis 2002). But other giants, from Vivendi Universal to News Corporation to Liberty Media,<sup>2</sup> followed down the same track. Purporting that these were only an accounting convenience, the companies were actually taking gigantic financial losses, as well as admitting that future profits would not be what they had earlier forecast.

Even in developed market economies such as Germany and the United Kingdom, the turmoil that resulted was sufficient to jeopardize leading components of existing national communication systems. In the United Kingdom, the costs of obtaining soccer rights knocked the world’s biggest digital terrestrial television project (ITV Digital, backed by UK broadcasters Granada and Carlton Communications) to its knees, even as NTL, the country’s largest cable television system operator, reported a \$15.8 billion loss and defaulted on interest payments on its even larger debt—triggering a restructuring process that seemed certain to alter the control structure of British television (O’Connor et al. 2002; Ratner and Harding 2002). “Britain may soon be left with one cable television operator and British Sky Broadcasting, the satellite digital platform controlled by Rupert Murdoch,” observed the *Financial Times* (*Financial Times* 2002). This debacle actually had wider repercussions, owing to the increased transnationalization of the industry. NTL had had a significant stake in one of France’s biggest cable television

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<sup>2</sup> Carreyrou 2002; Lippman 2002; Waters 2002.

companies, and when it defaulted the ownership of the company, Noos, came up for grabs (Henni and Silbert 2002).

In Germany, meanwhile, the deeply indebted Kirch Group was compelled to enter into a restructuring that forced Leo Kirch himself out of a business he had controlled for half a century (Harding and Benoit 2002). Far more important was that the resulting structural reorganization, however it turned out, was likely to push the country's media system in a more commercial direction. Possibly, the process would vest strategic control of Kirch in a foreign corporation—Rupert Murdoch, CEO of News Corporation, which indirectly controls a minority stake in one of Kirch's subsidiary companies, at one point convened a meeting with Kirch's German banking creditors in Los Angeles "to discuss its fate".<sup>3</sup> Such a power shift "would mark the first time foreigners have controlled a major broadcaster in the world's second-largest media market, and has many Germans fearing international media companies would introduce cutthroat competition and tabloid journalism to their TV market" (Karnitschnig 2002). With a national election looming, however, the liquidation of Kirch threatened to become a political football, and it seemed possible that German interests would intervene to preserve national control (Benoit and Harding 2002). In Argentina, on the other hand, where under International Monetary Fund (IMF) tutelage much of the national economy had already been sold off to foreign owners, both cable television companies and telecom operators went into the limbo of default. The bank-led reorganization, that this prompted hardly seemed a recipe for increasing public service and accountability (Druckerman 2002).

Thus powerful momentum was generated behind another round of industry consolidation, whose beneficiaries are ultimately likely to be the very largest and strongest global media companies. "Here comes another wave of media mergers," editorialized one industry enthusiast (Wolf 2002). A comparable process gripped global telecommunications.

## Telecommunications<sup>4</sup>

The recent expansion of global access to voice telephony has been almost violent. During the 1990s, wireline phone access shot upward; while, increasing from a tiny base as recently as 1990, 1 billion mobile phones were in use by 2002. Yet, once again, change has been qualitative as well as quantitative.

Modernization of networks occurred mainly to support the expansion of transnational capitalism; but accelerated network development at the expense of prevailing policies and practices once again initially evolved within the postwar US domestic market. By elevating the precepts of liberalization of commercial market entry, and rapid buildouts of specialized systems and services aimed at privileged user groups, US policy makers empowered a few thousand giant corporations and their affiliated managerial and technical strata, as well as a burgeoning group of high-tech network system and service suppliers.

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<sup>3</sup> *Wall Street Journal* 2002; Benoit 2002; Andrews 2002.

<sup>4</sup> Material in this section modifies some of the text in Schiller 2003.

However, because large business users of telecommunications were mostly transnational companies, the US model began to be exported by the 1970s. The political complexities of this transition were deftly managed. Responding to interventions by organizations of business users were US Federal Communications Commission directives altering key groundrules for the conduct of US international telecommunications (Schiller 1982). Albeit with some internecine jostling, the World Bank, IMF, ITU and other organizations enrolled in the liberalization effort. As US power groups' confidence increased, bilateral negotiations, US trade law and encompassing multilateral initiatives were all pursued. Ultimately, the institutional basis of world telecommunications was transformed.

As with the culture industry, the promise of access—in this case access to the gigantic US domestic market for corporate network systems and services—functioned explicitly as a strategic weapon; as one Clinton administration trade official explained, “we boldly offered to open up our market fully, in return for concessions from others” (Esserman 2000:1). Access to the US market did not come cheap.

The unremitting focus of US agencies was enhanced market access for transnational corporate carriers, largely on behalf of their largest corporate customers. The then-Deputy US Trade Representative, Richard W. Fisher, elaborates: “In the end, the calculus was clear: any broad-based agreement that rapidly opened up global markets to US firms clearly played to our advantages. While we were offering other countries access to a market no other country individually could match, a critical mass of market opening offers would provide opportunities that US firms were uniquely positioned to exploit” (Fisher 2000:3, 5, 11). Fisher was referring specifically to the WTO Agreement on Basic Telecommunications, forged in 1997. This pact helped harmonize national operating frameworks, subjecting some 70 signatories to binding commitments enforced by a multilateral dispute settlement process, and thereby established more uniformly liberal market access to network equipment and services—worldwide (Barshefsky 1999:6; Blouin 2000).

There really is no historical precedent for the institutional overhaul of world telecommunications on which the WTO agreement drew—and on which it builds. Between 1984 and July 1999, within a broader context of state-asset privatization, around \$244 billion worth of state-owned systems were transferred to private ownership.<sup>5</sup> As a result, over half (90) of the 189 members of the ITU had wholly or partially privatized their existing telecommunication operators by 1999, and 18 had done so completely. Of the remaining state-owned operators, more than 30 planned to privatize. The process itself was characteristically structured to ease market entry by transnational carriers. By early 2000, 25 countries had pledged to allow majority foreign-owned carriers seeking to furnish international voice service using their own wholly owned and controlled networks (USFCC, International Bureau 2000:6).

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<sup>5</sup> One report claimed that “more than \$1 trillion” in state assets were sold to private investors through the late 1990s (Dreazen and Caffrey 2001).

Limits, of course, continued to be placed on the process of liberalization. An important one developed from the continuing role played by national governments within their domestic telecommunication industries. In many countries, including developed market economies such as Germany, France and Japan, and poorer nations such as India and, prospectively, China, the state remained a dominant investor in a partly private dominant telecommunication operator. Elsewhere, as in Mexico, the state continued to grant various forms of preferment to national capital in telecommunications over transnational providers. Such constraints, now rendered “trade restraints” in conformity with the WTO-based regime, were closely monitored by US authorities,<sup>6</sup> who consistently sought to eliminate them.

The fundamental goal, again, was to develop capacious and upgraded networks on a scale sufficient to underwrite transnational capitalist reorganization across the globe. Between 1990 and 2000, the volume of announced mergers and acquisitions in worldwide telecommunications totalled an estimated \$1.616 trillion (Blumenstein 2000); cross-border takeovers constituted a significant share of this total. Just in the period between 1997 and 2000, the number of activated international private line circuits (referring to the in-house corporate and organizational telecommunication networks that employ leased circuits and other proprietary facilities on a full-time basis) increased more than tenfold, greatly outstripping the growth enjoyed by international dial-up circuits over the same interval (USFCC 2001). Domestically integrated networks run by national flag carriers thus began to be superseded in scope and function by transnational systems. The result was to grant license to carriers and business users to assimilate networks as desired into a vast and growing range of business processes: payroll accounting, employment relations, inventory, sales, marketing, research and development, and so on. By revolutionizing network systems and services, large corporations acquired new freedom of manoeuvre in their attempts to reintegrate their operations and, collectively, the most dynamic segment of the larger market system, on a broadened, supranational basis.

Huge outlays were needed to provision digital capitalism with this central production base and control structure: transnationally organized networks, employing a lengthening list of media including wireless, telephone lines, cable television systems, fibre optics, satellites, and the software-defined means for network access, operation and management. With the zealotry of a high-tech-oriented religious revival, through the late 1990s the financial markets seemingly answered every call for capital with a raft of network suppliers. As a bevy of entrepreneurs obtained the cheap debt financing they sought to build vast new networks, often employing Internet and related technologies, existing giants such as AT&T, WorldCom and Sprint reacted by joining the stampede. The threat to wireline systems evidently posed by wireless networks prompted an additional investment surge (though US carriers did not become as exposed as their counterparts in Western Europe, where carriers spent \$100 billion on licenses to provide Internet-enabled wireless phone systems, Latour 2001), and projected investment of another \$100 billion to build such networks. Rival network operators each spent billions of dollars a year to build systems with which to link office complexes throughout the world’s central cities.

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<sup>6</sup> For example, through the Office of the United States Trade Representative, which publishes an annual report on the subject. See USTR (2002).

Corporate network users based in every economic sector put out additional billions on the tangle of system hardware and software they needed to enlarge and modernize their burgeoning proprietary networks.

Network-related information technology investment by carriers and business users functioned as the pivot of the late 1990s' US economic boom (Oliner and Sichel 2000; Wellenius et al. 2000). Here, in the most highly developed core of the global market system, telecommunications in 1999 accounted for no less than 16 per cent of the capital spending of the Standard & Poors 500 (Jenkins 2000). Global expenditures on telecommunications, including both investment and service revenues, totalled trillions of dollars.<sup>7</sup> But it cannot be emphasized enough that this astronomical investment outlay was chiefly financed with debt: worldwide, between 1996 and 2001, banks lent an estimated \$890 billion in syndicated loans to the telecommunication industry; an additional \$415 billion of debt was furnished by the bond markets; and \$500 billion more was raised from private equity and stock market issues (Roberts 2001a; Sesit 2001.).

The result was a sudden, stunning enlargement of information-carrying capacity, principally on profitable, high-density traffic routes. Most of the 39 million miles of fibre optic cable circuitry laid in the United States over the last two decades of the twentieth century were installed between 1996 and 2000 (Blumenstein 2001; Ramstad and Stringer 2001). Especially—but not only—on US trans-Atlantic and trans-Pacific routes, new submarine cable systems added unprecedented increments to available network capacity (TeleGeography, Inc. 2001).

Internet systems and services drew much of this investment, and in turn helped prompt a significant spatial reconfiguration. Between 1950 and 1975 or so, truly inclusive national telecommunication infrastructures had been established throughout the developed market economies (Schiller 1999a:39). By 1997–1999, however, fully half of global telecommunication investment was being absorbed by “developing and transition” —that is, non-OECD—countries (Wellenius et al. 2000). Might the less-developed nations at last “leap-frog” into an era of abundant network access? Might global channels of electronic communications finally be opened to the voices of the many? A top US trade official enthused that the liberalized political economy of network systems was both magnificently benevolent and self-perpetuating: “Peer pressure by liberalizing countries has created a virtuous cycle where countries now compete for global investment by offering more attractive investment opportunities and more effective regulatory regimes” (Fisher 2000:5). Snowballing network investment would engender not only near-universal global access, but a treasure trove of informational benefits.

There is no denying that access to telecommunications has been expanded spectacularly. Despite the fascination and delight occasioned for a few years in the business press by corporate-led networking initiatives, however, the latter should not be romanticized: the real effects of networking the market system have been as contradictory as the political economy to which these systems themselves are hardwired. For example, the character of system

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<sup>7</sup> Between 1997 and 2001, spending on telecommunication equipment and services in Europe and the United States alone totalled more than \$4 trillion (Roberts 2001a).

development continues to be fundamentally uneven. Less capacious satellites still find heavy use by small, low-income countries, despite the fact that optical fibres offer greater efficiency and economy, because undersea cable operators lack incentive to make the giant upfront outlays needed to introduce fibre on these “thin routes”. The world’s coastal zones, similarly, may be connected to high-bandwidth cables but, as one market study delicately notes, “it can take much longer for terrestrial infrastructure to reach inland areas”. Metropolitan-area networks (MAN), finally, may be proliferating throughout Western Europe and the United States, but—the same study continues—“economically less-developed regions and countries may have a long wait before MAN build-out reaches their cities” (TeleGeography, Inc. 2001:98, 124). Deepening overcapacity in some markets, in other words, is matched by unremitting under-supply in others.

Moreover, global network development has revealed and, in some cases, actually created, new kinds of vulnerability. Burgeoning transnational network systems steeply accelerated the speed and volume of international financial capital flows—some implications of which became painfully evident, for example, in the Asian financial crisis of 1997–1998. On the other hand, the attacks on New York’s World Trade Center crippled 3.5 million private data lines for corporate customers, including some 20 per cent of the data lines serving the New York Stock Exchange.<sup>8</sup> Newfound vulnerabilities also afflicted the auto industry and other innovators of just-in-time inventory systems when, following the attacks on the United States on 11 September 2001, cross-border trucking and air transport were delayed and disrupted.

Overall social priorities also continued to be skewed “from above” to reflect the needs of business network users and investors. As market entry policies were relaxed, specialized services aimed at corporate users were intensively cultivated, and system development conformed ever more closely to transnational corporate preferences. In the United States, as national priorities shifted from roads, airports, power plants and bridges to telecommunication networks, these existing infrastructures deteriorated (Alonso-Zaldivar 2001)—and the hectic pace and giant scale of disruptive telecom network buildouts itself contributed to this erosion. Corporate ownership and performance norms were established, and profits made to flow disproportionately to investors rather other interests, while the existing—often very limited—social welfare character of the telecommunication industry was undercut. Characteristically, rates were “rebalanced” to favour business users (above all, those making international calls) over low-volume residential callers.<sup>9</sup> In what had been a heavily unionized industry, collective bargaining rights were typically withheld from employees working to build and service newly deregulated network systems; and layoffs as a by-product of competition became standard practice (Katz 1997). Quality of service, now more comprehensively tied to the ability to pay, declined for many households.<sup>10</sup> Cheats and scams—overbilling of calling-card users, illegally transferring long-distance accounts to new carriers, charging telephone users for services they did not order—became standard practice throughout large portions of the now-deregulated

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<sup>8</sup> Pristin 2001; Young and Solomon 2001; Young and Berman 2001.

<sup>9</sup> Milne 2000:908, 919; Commission of the European Communities 2000:9, 12.

<sup>10</sup> Roycroft and Garcia-Murrilo 2000:947, 965-66; Commission of the European Communities 2000: passim.

industry (Schiesel 2001). Finally, the so-called “virtuous” investment cycle propelled by networks actually massively destabilized the accumulation process.

Stoked by investment bankers and beguiled by business plans that had forecast uninterrupted exponential growth of Internet traffic, telecommunication carriers took on gargantuan debt to finance their network modernization and expansion projects. In two years, British Telecom’s debt ran up to 50 billion euros, Deutsche Telekom’s to 60 billion euros, France Telecom’s to 64 billion euros (Cookson 2001). Across the Atlantic Ocean, newly founded US communication carriers alone were carrying a total of \$74 billion in debt by late 2000, requiring an annual interest expense of about \$7 billion (Malik 2001); and AT&T’s debt reached a high of perhaps \$62 billion late in 2000 (Rosenbush 2001; Rosenbush et al. 2001.). During 2001, all told, some \$250 billion of telecommunication industry debt (mostly bonds), a share of which bore rapidly declining ratings, needed to be refinanced.<sup>11</sup>

Debt finance had led to an equally unparalleled build-up of network capacity. Scattered analysts began to worry that the scale of duplicative system expansion might be outpacing demand by the late 1990s (Keefe and Batt 1997:37; Schiller 1999b:68–69), when “private-line” circuit prices were dropping sharply, with the prospect of further significant declines<sup>12</sup> (European bandwidth prices, likewise already decreasing, were projected to decline by 50 per cent a year for several years<sup>13</sup>). Prices for circuits on transoceanic fibre optic cables experienced analogous—though uneven—declines (TeleGeography, Inc. 2001). But Wall Street analysts imperturbably forecast continued profit growth, and investment capital continued to pour into the industry. In consequence, by one account a mere 2.6 per cent of US long-distance network capacity was actually in use in early 2001 (Blumenstein 2001). Comparable overcapacity was apparent throughout Europe, and in transoceanic submarine cable systems, where “each new Atlantic cable adds as much bandwidth as all the previous infrastructure put together” (Roberts 2001a:10).

In the latter half of 2000, amid the rapid decline of technology stocks, telecommunication industry executives began to reckon with the glut that market liberalization had induced. The ensuing debacle dwarfed the near-concurrent rout of the dot-coms. And George Gilder’s vaunted “telecosm”, with its promise of “infinite bandwidth” (Gilder 2000), now looks more like a body-strewn battlefield than a cornucopia. The stock market value of the entire telecommunication sector, including operators and equipment manufacturers, fell by \$3.8 trillion between its peak (of \$6.3 trillion) in March 2000, and September 2001—between four and five times the combined losses on all of Asia’s stock exchanges during the Asian financial crisis of the late 1990s, estimated at \$813 billion (Roberts 2001a:10).

Huge financial losses began to be reported, first by big telecom equipment manufacturers such as Lucent, Nortel and Ciena, and upstart competitive service providers such as Global Crossing,

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<sup>11</sup> Curwen 2001; *Wall Street Journal* 2001; Silverman 2001.

<sup>12</sup> Table 2, Table 1 and Table 4 in Galbi 2001.

<sup>13</sup> Logica Consulting n.v. 2000; US Department of Commerce, Economics and Statistics Administration 2000.

Level 3 and Metromedia Fiber. But by 2002 it was clear that even the dominant telecommunication operators were not immune to the slide. Qwest, BellSouth and WorldCom showed growing weakness, as did the debt-saddled KPN, France Telecom and Deutsche Telekom in Europe.<sup>14</sup> Japan's NTT took a \$16 billion charge—the largest ever reported by a non-financial Japanese corporation—to meet the losses produced by its multibillion dollar investments in the US network industry (Nakamoto 2002). The spiral of destabilization cast in question the very survival of blue-chip companies like AT&T (Schiesel 2002).

Debt reduction suddenly became the industry's overriding priority. Still deferring to investors, telecommunication industry executives now undertook a drum-roll of competitive rate-cutting, network investment pullbacks, employee layoffs, asset sales, business reorganizations and bankruptcies. Telecommunication industry bonds, widely classed as sub-investment-grade ("junk") offerings, comprised as much as one-third of the entire junk bond market by 2001 (Stempel 2001). And job losses in the technology sector dominated by networks constituted 41 per cent of the 650,000 jobs eliminated in the United States between 1 January and 31 May 2001 (Pham 2001). Broadband system development in the United States slowed markedly, as even the "world powers of interactivity", as a rival executive recently called AOL Time Warner and Microsoft, together with the giant local telephone companies, pared investments in this still strategically crucial area.<sup>15</sup>

The ultimate costs of the industry's rivalrous network-building binge remained ominously unclear. As technology spending by business users and the carriers that sought to serve them plummeted, the newfound centrality of that investment within the global economy ensured that the decline's repercussions ramified outward (Blumenstein 2001; Hamilton 2001).<sup>16</sup> Because networking provided an increasingly general platform for new cycles of capital accumulation, it was likewise notably implicated in a resurgence of economic stagnation. In mid-2001, central bankers continued to worry that, appearances to the contrary notwithstanding, the telecommunication crisis (as the *Financial Times* reported) "could still destabilise the global financial system" (Roberts 2001b:9).

Revelations about accounting chicanery at major telecommunication companies did little to enhance the picture.<sup>17</sup> But it seems that obscure accounting innovations, deployed as a strategy for bolstering apparent revenues and profits, were engendered on a vast scale throughout the US-based industry, at least. Early in 2002, it seemed all but certain that this continuing meltdown would bring about a new cycle of transnational concentration in telecommunications; when Sweden's Telia agreed to purchase Finland's Sonera in March 2002, therefore, analysts openly cast the deal as "a starting shot for consolidation" (Latour 2002:A3).

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<sup>14</sup> For indications, see Solomon (2002); Feder (2002a, 2002b); Romero with Rich (2002).

<sup>15</sup> In Auletta (2000).

<sup>16</sup> By one recent tally, overall US investment in information technology was set to fall during 2002 for the first time ever (by 2 per cent, as compared with annual increases routinely totaled 20 per cent during the late 1990s)—to a spectacular \$798 billion (Feder 2001).

<sup>17</sup> For indications, see Brown (2002); Sender (2002); Young and Solomon (2002).

## Conclusion

For much of the 1990s even those who were alarmed by the anti-democratic implications of the neoliberal globalization process tended to be resigned. The power of the capitalist profit motive was such that it could not be prevented from establishing a world system based on transnational corporations and markets, and unchecked capital flows. Likewise, the globalization of the 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” (McChesney 2000:118). It was presented as unexceptionable, natural or inexorable. And for those in power, those who benefited by the new regime, such thinking made their jobs vastly easier.

But, as we said at the outset, the truth is that there is nothing “natural” about neoliberal globalization. It requires extensive changes in government policies and an increased role for the state to encourage and protect certain types of activities. The massive and complex negotiations surrounding NAFTA and the WTO provide some idea of how unnatural and constructed the global neoliberal economy is. Or consider copyright, and what has come to be considered intellectual property. There is nothing natural about this. It is a government-granted and enforced monopoly that prevents competition. It leads to higher prices and a shrinking of the marketplace of ideas, but it serves powerful commercial interests tremendously. In the United States, the corporate media lobby has managed to distort copyright so the very notions of the public domain or fair use—so important historically—have been all but obliterated. The US government leads the fight in global forums to see that the corporate-friendly standards of copyright are extended across the planet and to cyberspace. The commitment to copyright monopolies—now granted for 95 years to corporations—as the *sine qua non* of the global economy shows its true commitment is to existing corporate power rather than to a mythological free market. And, although government coercion and press censorship remained a problem across the planet, with recent struggles between the state and the press taking place in Russia, Hungary and Angola,<sup>18</sup> an all-too-familiar contrary tendency was for the dominant commercial media to enjoy a cozy and corrupt relationship with the dominant political forces<sup>19</sup>—not least, in the power-centres of metropolitan capitalism.

The traditional myth of the relationship of the state to the private sector in US media has become the neoliberal myth on a global scale. The myth now has become transparently a tool of propaganda. The Enron affair highlighted again how closely intertwined the US government is with the largest private corporations. The widespread graft associated with neoliberal privatizations and deregulations—in telecommunications more than anywhere else—has resulted in a wave of corruption of world historical proportions. If the market is God and public service in bunk, why on Earth would anyone enter government, except to feather their own nest, by any means necessary? For those at the receiving end of neoliberal globalization—the bulk of humanity—the idea that people need to accept neoliberal globalization as a given is

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<sup>18</sup> Cullison 2000; Swarns 2000; Wright 2000; Gordon 2000.

<sup>19</sup> *The Economist* 2000a; Tyler 2000; Preston 2000.

untenable. For those committed to democracy above neoliberalism, the struggle is to require informed public participation in government policy making. Specifically, in view of the importance of media, the struggle is to democratize communication policy making (Price et al. 2002).

This goal is a paramount one, even in the context of seemingly more virulent problems and correspondingly more urgent reforms—food, water, medicine and education. This is because the communication system comprises the indispensable institutional basis for social deliberation—discussion, debate and decision making—beyond elite forums. Where the communication system is controlled by centralized profit-making groups—and where, today, is it not?—the people cease to have a means of clarifying social priorities and organizing for social reform.

There are no simple solutions to the question of how best to organize media and telecommunications to promote a healthy economy and democratic values, just like there is no simple answer to how best to structure the global political economy. Moreover, it is clear that the two debates are very closely related, in view of the significance of communications to both capitalism and democracy.

But two overarching principles are central to any reform platform. First, it is imperative that the debates on these topics be widespread and held up in the light of day. They must be democratized. If we know one thing from history it is this: if self-interested parties make decisions in relative secrecy, the resulting policies will serve the interests primarily of those who made them. As the old saw goes, “If you’re not at the table, you not part of the deal”. Our job, as scholars, as citizens, as democrats, is to knock down the door and draw some more chairs up to the table. And when we sit at that table we have to come educated with the most accurate understanding of what is taking place and what is possible that we can generate.

Second, the principle of public as opposed to corporate-commercial control must be reaccredited, strengthened and enlarged. There are several proposals that have been made to strengthen and democratize the media and telecommunication sectors (see, for example, McChesney 2000; Nichols and McChesney 2000). Although there are significant differences in these proposals as one moves from one country to another, they all gravitate around a handful of ideas and principles. The sector independent of corporate and commercial control must be strengthened, and it is highly desirable to have a significant part of this sector insulated from direct control by the state.

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