

Excerpts from CORPORATE MEDIA AND THE THREAT TO DEMOCRACY

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Published by Seven Stories press.

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In my view, private control over media and communication is not a neutral or necessarily a benevolent proposition. The commercial basis of U.S. media makes depoliticization, apathy and selfishness rational choices for the citizenry, and it permits the business and commercial interests to have inordinate influence over media content. In short, the nature of the U.S. media system undermines self-government. Accordingly, for those committed to democracy, it is imperative to reform the media system.

The first task for changing the media system is to put control of the media on the political agenda -- exactly where it belongs in a democratic society. To assist in that process, I intend to sketch out ownership and subsidy patterns of the commercial media system and to argue that these present a direct threat to the ability of the United States to have a viable democratic media culture. I will provide a historical perspective on both the development of U.S. journalism and the patterns in U.S. communication policymaking. In doing so, I will chronicle the tragic history and predicament of U.S. public broadcasting. I will also address the counter-arguments

that the commercial media system is indeed democratic because it "gives the people what they want," that the Internet with its billions of potential channels eliminates any reason to be alarmed by the anti-democratic implications of a corporate-dominated, advertising-supported media system, and that the media system is actually hostile to business and has a liberal or left-wing bias.

The power of the corporate media rests to no small extent upon the myth that only a profit-driven, advertising-supported media system that produces "unbiased" journalism can be truly democratic, and that this was the express purpose of the Founding Fathers as they crafted the First Amendment to the U.S. constitution. In fact, U.S. history reveals a media culture that is unrecognizable by the standards of the myth.

The Founding Fathers, to the extent we can generalize, envisioned a press that above all else would stimulate public involvement -- what media historian John Nerone has termed the "town meeting" metaphor of the press. In the first 50 or 60 years of the republic, journalism moved away from that

ideal and became highly partisan. It was not especially profitable and was often subsidized directly or indirectly by government printing contracts, political parties or factions. Advertising played a minor and unimportant role, and did not exist in the modern sense of the term.

All of this began to change around the 1840s when entrepreneurs began to realize that they could make lots of money publishing newspapers. By the end of the Civil War, the partisan system had been displaced by a dynamic and vibrant commercial newspaper system. Throughout the balance of the 19th century, the newspaper industry was highly competitive. Many newspapers served every major market. Newspapers developed enormous circulations and penetrated every niche of society. The press tended to remain partisan by contemporary standards, but the fundamental reason for being was now profit, not political influence, and this contributed to fundamentally altering the way editors, publishers, and, eventually, the public thought about journalism.

Three critical developments crystallized by the beginning of the 20th century, just when the political economy was becoming dominated by large corporations. First, newspapers grew bigger and bigger and their markets grew increasingly less competitive. Second, advertising emerged

as the dominant source of media income. Third, other media, particularly television, entered every home and became the primary source of political -- and all human -- socialization. In this context, partisanship tended to be bad business. Wanting the largest possible circulation to dangle before advertisers, "content providers" did not want to upset any significant part of their potential audience. Moreover, as the control in each market became concentrated among one or two or three owners, and as ownership concentrated nationally, all media came to reflect the interests of owners and advertisers, rather than diverse interests of any community.

Since 1992 there has been an unprecedented wave of mergers and acquisitions among the media giants, highlighted by the Time Warner purchase of Turner and the Disney acquisition of Cap Cities/ABC. Less than ten colossal vertically integrated media conglomerates now dominate U.S. media. The five largest firms -- with annual sales in the \$10-25 billion range -- are News Corporation, Time Warner, Disney, Viacom, and TCI. These firms are major producers of entertainment and media software and have distribution networks like television networks, cable channels and retail stores. Time Warner, for example, owns music recording studios, film and television production studios, several cable television

channels, cable broadcasting systems, amusement parks, the WB television network, book publishing houses, magazine publishing interests, retail stores, motion picture theaters, and much else. In most of the above categories, Time Warner ranks among the top five firms in the world. The next three media firms include NBC (owned by General Electric), Universal (formerly MCA, owned by Seagram), and Sony. All three of these firms are conglomerates with non-media interests, with Sony and GE being huge electronics concerns that at least double the annual sales of any other media firm.

Media firms have great incentive to merge, acquire, and globalize. It is when the effects of sheer size, conglomeration, and globalization are combined that a sense of the profit potential emerges. When Disney produces a film, for example, it can also guarantee the film showings on pay cable television and commercial network television, it can produce and sell soundtracks based on the film, it can create spin-off television series, it can produce related amusement park rides, CD-roms, books, comics, and merchandise to be sold in Disney retail stores. Moreover, Disney can promote the film and related material incessantly across all its media properties.

What is tragic -- or absurd -- is that the dominant perception of the "free press" still regards the government as the sole

possible foe of freedom. That this notion of press freedom has been and is aggressively promoted by the giant media corporations should be no surprise, though that is rarely noted. Imagine if the federal government demanded that newspaper and broadcast journalism staffs be cut in half, that foreign bureaus be closed, and that news be tailored to suit the government's self-interests. There would be an outcry that would make the Alien & Sedition Acts, the Red Scares and Watergate seem like child's play. Yet when corporate America pursues the exact same policies, scarcely a murmur of dissent can be detected in the political culture.

With fewer journalists, limited budgets, low salaries and lower morale, the balance of power has shifted dramatically to the public relations industry.

The effects can be seen on the two most important issues in U.S. politics in the 1990s: Foreign trade and health care. In both cases, powerful interests were able to neutralize public opinion, even though, initially, based on personal experience, it was against GATT and NAFTA and for a single-payer health system.

A similar process is taking place with book publishing. After a wave of mergers and acquisitions, three of the world's four largest media giants now own the three largest book publishers. At the retail end,

U.S. bookselling is becoming highly concentrated into the hands of a few massive chains. This corporatization of publishing has led to a marked shift to the political right in what types of books clear the corporate hurdles.

Corporate concentration and profit-maximization have similarly disastrous effects upon music, radio, television and film. Variety concluded after a 1996 study of 164 films that "Films with budgets greater than \$60 million are more likely to generate profit than cheaper pics." The other route for the corporate media giants to lessen risk is to specifically produce films that lend themselves to complementary merchandising of products: The revenues and profits generated here can often be equal or superior to those generated by traditional box-office sales or video rentals. The implications for the "art" of filmmaking are self-evident.

The rise of a global commercial media system is only one striking trend of the 1990s. The other is the rise of digital computer networks in general, and the Internet in particular. The logic of digital communication is that the traditional distinctions between telephony and all types of media are disappearing. Eventually, these industries will "converge," meaning firms active in one of them will by definition be capable of competing in the others. The Internet has opened up very

important space for progressive and democratic communication, especially for activists hamstrung by traditional communication media. But, the notion that the Internet will permit humanity to leapfrog over corporate communication is in sharp contrast to the rapid commercialization of the Internet.

In short, the Internet and digital communication networks will not undermine the development of a global communication oligopoly; rather, they will be an integral aspect of it.

Historically the rise of crucial new communication technologies like broadcasting has generated national public debates over how best to deploy these resources. It was as a result of such debates, for example, that public systems of broadcasting were established to serve publicly determined goals, not to generate profit. These debates often took place among society's elites, but there has been periodic popular intervention. The extent to which there is non-elite participation into communication policymaking may be a barometer for the level of democracy in a society.

It is in the United States that the decline of public debate over communication is the most developed. Yet it might surprise most people to know that a love for commercial media is not genetically encoded in persons

born in the United States. It is an acquired taste. When radio broadcasting emerged in the 1920s few thought it had any commercial potential. Many of broadcasting's pioneers were non-profit organizations interested in public service. It was only in the late 1920s that corporations began to sense that through network operation and commercial advertising, radio broadcasting could generate substantial profits. Through their immense power in Washington, commercial broadcasters were able to dominate the Federal Radio Commission. As a result, the scarce number of air channels were effectively turned over to them with no public and little congressional deliberation on the matter.

It was in the aftermath of this commercialization of the airwaves that elements of U.S. society coalesced into a broadcast reform movement that attempted to establish a dominant role for the nonprofit and noncommercial sector in U.S. broadcasting. These reformers from education, religion, labor, civic organizations, women's groups, journalism, farmer's groups, civil libertarians, and intellectuals. They attempted to tap into the intense public dislike for radio commercialism in the years before 1934, when Congress annually considered legislation for the permanent regulation of radio broadcasting. They argued that if private interests

controlled the medium and their goal was profit, no amount of regulation or self-regulation could overcome the bias built into the system.

The reform movement disintegrated after the passage of the Communications Act of 1934, which established the FCC. The 1930s reformers did not lose to the commercial interests, however, on a level playing field. The radio lobby dominated because it was able to keep most Americans ignorant or confused about the communication policy matters then under discussion in Congress through their control of key elements of the media and their sophisticated public relations. In addition, commercial broadcasters became a force that few politicians wished to antagonize; almost all of the congressional leaders of broadcast reform in 1931-1932 were defeated in their re-election attempts, a fate not lost on those who entered the next Congress. With the defeat of the reformers, the industry's claim that commercial broadcasting was inherently democratic and American went unchallenged and became internalized in the political culture.

This constricted range of policy debate was the context for the development of subsequent communication technologies including facsimile, FM radio, and television in the 1940s. In comparison to the public debate over radio in the 1930s, there was almost no public debate concerning

alternative ways to develop these technologies. By the 1940s and thereafter, liberals knew the commercial basis of the system was inviolate, and they merely tried to carve out a nonprofit sector on the margins.

The marginalization of public service values in U.S. communication debates -- indeed the elimination of political debates over communication -- explains the woeful history of U.S. public radio and television. This made public broadcasting in the U.S. fundamentally different from Britain or Canada, or nearly any other nation with a comparable political economy. Whereas the BBC and the CBC regarded their mandate as providing a service to the entire nation, the U.S. public broadcasters realized that they could only survive politically by not taking listeners or viewers away from the commercial broadcasters. The function of the public or educational broadcasters, then, was to provide such programming as was unprofitable for the commercial broadcasters to produce. This encouraged U.S. public broadcasting after 1935 to emphasize elite cultural programming at the expense of generating a large following. In short, since 1935 public broadcasting in the United States has been in a no-win situation.

Even with these limitations, the commercial broadcasters were wary of public broadcasting and fought it tooth and nail

well into the 1960s. After many halting starts, Congress passed the Public Broadcasting Act of 1967, which led to the creation of the Corporation for Public Broadcasting, and soon thereafter of PBS and NPR. The commercial broadcasters finally agreed not to oppose public broadcasting, primarily because they believed the new public system could be responsible for doing the unprofitable cultural and public affairs programming that critics were constantly lambasting them for neglecting. There was a catch, however. The initial plan to have the CPB funded by a sales tax on the purchase of new radio sets and television sets, somewhat akin to the BBC method, was dropped, thus preventing public broadcasting a stable source of income necessary for planning as well as editorial autonomy.

Although U.S. public broadcasting has produced some good fare, the system has been supremely compromised by its structural basis, and it is farcical in comparison to the powerful public service systems of Europe and Asia. Indeed, in international discussions of public broadcasting, the term "PBS-style system" is invoked to refer to a public system that is marginal and ineffective. It is the fate that the BBC, CBC and others wish to avoid.

The funding system is the primary culprit.

The U.S. government only provides around 15 percent of the revenues; public stations depend on corporate donations, foundation grants, and listener/viewer contributions for the balance. In effect, this has made PBS and NPR stations commercial enterprises, and it has given the large corporations that dominate its subsidy tremendous influence over public broadcasting content, in a manner that violates the fundamental principles of public broadcasting. It has also encouraged the tendency to appeal to an affluent audience, rather than a working-class audience, because upscale viewers/listeners have far more disposable income.

#### The U.S. Telecommunications Act of 1996

With the digital revolution, the technical and legal boundaries between broadcasting and telephony in the 1934 Communications Act have broken down. Indeed, the barriers between all forms of communication are breaking down, and communication laws everywhere are becoming outdated. Congress passed, and President Clinton signed into law, the Telecommunications Act of 1996 to replace the 1934 law. The overarching purpose of the 1996 Telecommunications Act is to deregulate all communication industries and to permit the market, not public policy, to determine the course of the communications system.

Even by the minimal standards of the 1934

Act, the debate surrounding the 1996 Telecommunications Act was a farce. Some of the law was actually written by the lobbyists for the communication firm it affects. The only "debate" was whether broadcasters, long-distance companies, local telephone providers, or cable companies would get the inside track in the deregulatory race.

The only grounds for political independence in this case would be if there were an informed and mobilized citizenry ready to do battle for alternative policies. But where would citizens get informed? Only through the media, where coverage is minimal and restricted to the range of legitimate debate, which, in this case, means almost no debate at all. That is why the Telecommunications Act was covered as a business story, not a public policy story.

And, as the U.S. 1996 Telecommunications Act "unleashes" the U.S.-based transnational media and communication firms to grow through mergers and acquisitions with minimal fear of regulatory intervention, this effectively gives the green light to further consolidation of the global market these firms dominate.

#### The Market as Civic Religion

In the end, the case for commercialized communication relies upon the ideology of

the infallible marketplace, a virtual civic religion in the United States and globally in the 1990s.

The case for the market rests upon a mythological presentation of pure competition, where there are an infinite number of small entrepreneurs battling to serve the public by lowering prices and improving quality in constant ferocious competition. In terms of pricing, output, and profits, oligopolistic industries resemble pure monopolies far more closely than they do the mythical competitive market. And in few areas is this more true than in the advertising, media and telecommunication industries.

Beyond the mythology, the market is in fact a highly flawed regulatory mechanism for a democracy. In markets, one's income and wealth determine one's power. It is a system of "one dollar, one vote," rather than "one person, one vote." Viewed in this manner, the market is more a plutocratic mechanism than a democratic one. In communication this means that the emerging system is tailored to the needs of business and the affluent. Markets tend to reproduce social inequality economically, politically and ideologically. The metaphor serves to mystify the actual corporate domination of our communication system and therefore provides the commercial interests with a valuable shield from rightful public criticism and participation in

the policymaking process.

Beyond these limitations, this notion that the commercial entertainment media "give the people what they want" is basically flawed. In the final analysis, commercial media firms produce that which is most profitable and in their interests. When people consume from the options provided, the media giants then state that they are satisfying audience demand. If some find the offerings imbecilic, the argument goes, that is because the people are morons who demand such tripe. But this is a circular argument. To paraphrase Say's Law, this is a case of supply creating demand as much or more than it is a case of demand creating supply.

Nor should the market's power be exaggerated. The market may well be a "civic religion," but faith in the market decreases the further one looks down the social pecking order. For large segments of the U.S. population the turn to the unbridled "free market" in the 1980s and 1990s has been a largely negative experience, and for a significant minority the turn has been disastrous. It is the "talking classes," the upper class, the upper middle class, and the intellectuals who have become the most enthralled with the market's genius, and the most willing to throw social welfare programs overboard. In their conceit they assume to speak for all. Therefore, to accept the market as off-limits to political

debate, is to agree to eliminate political debate in any meaningful sense.

If not the market, what then would be a truly democratic manner to generate communication policymaking, especially in an era of technological upheaval? The historical record points to one basic principle: Citizens must determine the nature of their communication system through full and open political debate -- precisely the opposite of what led up to the passage of the U.S. Telecommunications Act. Is such public participation an absurd idea? Hardly. In the late 1920s, Canada, noting the rapid commercialization of the U.S. and Canadian airwaves, convened precisely such a public debate over broadcasting that included public hearings in 25 cities in all nine provinces. The final decision to develop a nonprofit system was adopted three years later after a further period of active debate.

Putting democracy before profits in communication policymaking also means that the pace of technological innovation can be brought under rational control, with long term social, cultural and political consequences taken into consideration. These are the types of complex issues that need to be publicly addressed and resolved, and soon: We need to look before we leap. Yet these are precisely the types of issues in which the market -- blinded by the pursuit of profit -- has no interest.

### The Right Wing Attack on the "Liberal" Media

Although the effects of corporate ownership, the pursuit of profit, or the impact of advertising on the media rarely emerges as an issue in mainstream U.S. political discourse, this does not mean that the political culture lacks any debate over the merits of the existing media. There is a widely publicized discussion over whether the media have a "liberal" or even left-wing, anti-business bias. This has been a common theme among U.S. conservatives since at least the 1960s.

The conservative argument is problematic on several counts and fatally flawed by one basic error. The conservative argument is problematic because it tends to have a shifting and elusive definition of liberalism. In most examples, conservatives point to liberals' positions on "social issues" such as women's rights, gay rights, and civil liberties as the litmus test for whether one is liberal or conservative. Often journalists have fairly conservative positions on class issues of trade, taxation and government social spending, especially as one climbs to the high-paying ranks of the elite journalists.

With lavish funding from a dozen major conservative foundations, including those of Bradley, Scaife, and Olin, conservative

groups have developed a very sophisticated PR apparatus to funnel conservative positions and stories into the media. To no small extent the cult of the market and the contempt for government as a progressive agency has been brewed in this kitchen. Conservative pundits dominate TV and radio discussion programs, paired with centrists who are quite comfortable in the corridors of corporate power. By contrast, it is nearly impossible to find even token left criticism in the mainstream media.

This explains why conservatives are so obsessed with destroying or at least intimidating, nonprofit and noncommercial broadcasting. The right-wing assault on public broadcasting is not an isolated phenomenon. It is part and parcel of a wholesale attack on all those institutions that possess some autonomy from the market and corporate rule. Thus public libraries and public education are being primed for privatization and an effective renunciation of the democratic principles upon which they were developed. Advertising-supported schools and schooling-for-profit -- notions regarded as obscene only a decade ago -- are moving to the center of education policy debates.

#### The Struggle for Democratic Media

By the logic of the public sphere, the crucial structural factor for democratic media is to have the dominant portion of the

communication system removed from the control of business and the support of advertising. The government will have to subsidize some portion of the public sphere, and at the same time devise policies that encourage the growth of a nonprofit, noncommercial public sphere independent of state authority. There are justified reservations about government involvement with communication. The purpose of policymaking, then, should be to determine how to deploy these technologies to create a decentralized, accountable, nonprofit and noncommercial sector, which could provide a viable service to the entire population. And in times like these, when revolutionary technologies like the Internet hold extraordinary potential for democratic communication, it is imperative that we prevent the present appropriation of digital communication to suit the needs of business and advertisers first and foremost.

This does not mean that there is no place for commercial media, merely that the dominant sector of the system must be nonprofit, noncommercial, and accountable to the public. Moreover, to the extent that commercial media and advertising play a role in a democratic media, they should be taxed to subsidize the nonprofit and noncommercial sector. A tax of, say, 1 percent on advertising would generate over \$1.5 billion. Likewise, spectrum space should be leased (never auctioned) for commercial use, with the proceeds applied

to support nonprofit and noncommercial media. Even at low estimates, rents on broadcast spectrum space could generate between 2 to 4 billion dollars annually. Combined, these monies could provide the basis for a viable, even extraordinary, noncommercial media culture. (For sake of comparison, the total federal subsidy to public broadcasting in fiscal year 1997 was a mere \$260 million, and it was to be reduced to \$250 million in each of the subsequent two years.)

In the immediate future, there are a few imperatives for media activists. We need to make the fight on behalf of public, community and public access broadcasting. We need to roll back the movement to bring advertising to public broadcasting, and we need to make public broadcasting stations more accountable to the communities in which they are located. We need to organize around establishing public service standards for the Internet, to guarantee universal access and a healthy, preferably dominant, nonprofit and noncommercial sector.

The struggle for a democratic media system will be difficult. The opposition is wealthy, powerful and expert in ideological warfare. It effectively owns both major political parties. Its self-interest is draped in motherhood, the flag, the First Amendment, apple pie, and, of course, the mythological market; to hear their

rhetoric, one would almost think the media, advertising and communications firms' existence divinely inspired. But the cause is far from hopeless. In the past decade media activism has emerged from virtual non-existence to become a site of intense growth. Several media monitoring organizations have been formed, most notably Fairness & Accuracy In Reporting (FAIR). In 1996 at least two new media activist groups were established: the Cultural Environment Movement and the less formal "Media and Democracy" group. Both groups look to promote long term structural change while working in broad coalitions and with grassroots community organizers.

Other groups deserve particular attention. Organized labor has the most important role to play, being uniquely situated with the resources and the perspective to battle the media and communication status quo. After a long hibernation, it is becoming understood among elements of the U.S. labor movement that labor's demise has been partially due to the right-wing ideological assault on unionism and progressive government policies. In the 1940s there were approximately 1,000 full-time labor beat reporters and editors on U.S. daily newspapers. Today there are less than ten. Labor needs to devote significant resources to the policy battles against profit-driven communication and for public broadcasting. It needs to

subsidize a healthy, independent, noncommercial media.

Specifically, journalist, entertainment and communication workers' trade unions are on the front lines of the struggle for democratic media.

The second important group for democratic media are the U.S. liberal and progressive foundations, which command large endowments for the promotion of social justice, civil rights, human welfare and democratic values. For years these foundations have eschewed involvement with media reform movements or subsidizing nonprofit and noncommercial media, which they saw as outside their missions. At the same time, conservative foundations, which spend almost no money for social welfare, devote nearly the entirety of their resource base to ideological warfare against liberalism, labor and the left, with media activities being the central aspect of this work. If they do not accept this challenge, the liberal and progressive foundations will be implicitly accepting the role of patching leaks on a sinking ship, instead of attempting to keep the leaks from forming.

Although the most important work is to be done at the local and national levels, this is also a global fight. The corporate media/communication system may well be the defining feature of the global market

economy. This is true not only because of the rapidly growing economic, political and cultural roles of global commercial media, but also because communication technologies lay the basis for instantaneous global capital and currency markets, and undermines not only national sovereignty, but also popular sovereignty, as societies seem compelled to obey the dictates of global markets or face immediate and stern economic punishment.

Such a dark vision of our future should give us pause. In accepting (and encouraging) widening class divisions, the glorification of profit, greed and commercialism as the necessary cornerstones of our age, it portends grave damage to the human spirit and our ability to live together in viable communities. Our task is to push in the opposite direction, to create a public sphere and democratic media that can harness the creative vitality of our people and infuse it into our politics and culture. It is the push for genuine self-government. It is a necessary step toward building a fair, humane, and sustainable society.