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The New Global Media

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The nineties have been a typical *fin de siècle* decade in at least one important respect: the realm of media is on the brink of a profound transformation. Whereas previously media systems were primarily national, in the past few years a global commercial-media market has emerged. "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."

Together, the deregulation of media ownership, the privatization of television in lucrative European and Asian markets, and new communications technologies have made it possible for media giants to establish powerful distribution and production networks within and among nations. In short order, the global media market has come to be dominated by the same eight transnational corporations, or TNCs, that rule US media: General Electric, AT&T/Liberty Media, Disney, Time Warner, Sony, News Corporation, Viacom and Seagram, plus Bertelsmann, the Germany-based conglomerate [see table 1]. At the same time, a number of new firms and different political and social factors enter the picture as one turns to the global system, and the struggle for domination continues among the nine giants and their closest competitors. But as in the United States, at a global level this is a highly concentrated industry; the largest media corporation in the world in terms of annual revenues, Time Warner (1998 revenues: $27 billion), is some fifty times larger in terms of annual sales than the world's fiftieth-largest media firm.

A few global corporations are horizontally integrated; that is, they control a significant slice of specific media sectors, like book publishing, which has undergone extensive consolidation in the late nineties. "We have never seen this kind of concentration before," says an attorney who specializes in publishing deals. But even more striking has been the rapid *vertical* integration of the global media market, with the same firms gaining ownership of content and the means to distribute it. What distinguishes the dominant firms is their ability to exploit the "synergy" among the companies they own. Nearly all the major Hollywood studios are owned by one of these conglomerates, which in turn control the cable channels and TV networks that air the movies. Only two of the nine are not major content producers: AT&T and GE. But GE owns NBC, AT&T has major media content holdings through Liberty Media, and both firms are in a position to acquire assets as they become necessary [see table 2].

The major media companies have moved aggressively to become global players. Even Time Warner and Disney, which still get most of their revenues in the United States, project non-US sales to yield a majority of their revenues within a decade. The point is to capitalize on the potential for growth abroad – and not get outflanked by competitors – since the US market is well developed and only permits incremental

Table 1 And then there were nine

Disney	AT&T	Sony
Annual revenues: $23 billion (FY 1998) Non-US sales: 21% Non-US sales in 1984: 8.4% Disney has established a strong presence in China, Japan, Europe and Latin America. Its ESPN International is broadcast in twenty-one languages to 155 million households in 182 nations.	Annual revenues: $53 billion (FY 1998)/$1.5 billion (Liberty) Non-US sales: n/a As part of its merger with Tele-Communications Inc., AT&T acquired Liberty Media, which has holdings in South America and Asia in cable, satellite and broadcast television. It also owns stakes in Time Warner, News Corporation, CNBC and Sprint PCS Group.	Annual revenues: $56.6 billion (FY 1999)/$10.4 billion (media) Non-Japan sales: 78.2% Non-Japan sales in 1989: 68.6% Among Sony's global media activities are local-language film production in Europe and Asia, television programming on five continents and Sony Music Entertainment sales in Latin America, Asia and Europe.
General Electric	**News Corporation**	**Seagram**
Annual revenues: $100 billion (FY 1998)/ $5.3 billion (NBC) Non-US sales: 43% Non-US sales in 1988: 22% GE's media assets include NBC and CNBC. Its channels in Europe and Asia reach 70 million households.	Annual revenues: $13.6 billion (FY 1999) Non-US sales: 26% Still the biggest English-language newspaper producer in the world, News Corporation's US TV stations reach some 40 percent of the viewing population. Murdoch is expanding his media properties in Asia and Latin America but News Corporation will receive the majority of its income from the United States for at least another decade.	Annual revenues: $12.3 billion (FY 1999)/$7.4 billion (media) Non-US sales: 50% (co. est.) Seagram's Universal Music Group is the largest recorded-music firm in the world. In 1998 the company purchased Polygram for $10.4 billion. Seagram also owns Universal Studios, with theme parks in Asia and TV channels throughout Europe and Latin America.
Time Warner	**Viacom**	**Bertelsmann**
Annual revenues: $26.8 billion (FY 1998) Non-US sales: 21% With 200 subsidiaries, Time Warner is a major global player in virtually every media sector except newspapers and radio. Two examples: CNN International reaches 200 nations, and HBO has expanded throughout Europe, Latin America and most of Asia.	Annual revenues: $12.1 billion (FY 1998)/$6.8 billion (CBS) Non-US sales: 23% Non-US sales in 1988: .006% Viacom's Paramount Pictures and MTV distribute heavily outside the United States. It owns Nickelodeon, which operates customized channels from Uzbekistan to the Philippines, and Blockbuster, which has 6,000 stores in twenty-seven countries. Its purchase of CBS is pending approval.	Annual revenues: $16.4 billion (FY 1998) Non-Germany sales: 72% The Germany-based Bertelsmann is the largest TV and radio firm in Europe. Bertelsmann's BMG Music does considerable business in Asia, South Africa and Brazil. It owns Random House in the United States and publishing companies in Germany, Britain and Argentina.

Source: Rich Media, Poor Democracy, by Robert W. McChesney. Additional research: Alison Mann.

Table 2 Who owns the movies? The major Hollywood studios, all but one owned by the nine mega-conglomerates, make more than half of their money outside the United States. Here are the top four movies in selected countries, with ownership information

Country	Films	Country	Film company	Affiliated media conglomerate (if any)
Brazil	*Titanic*	US	Fox/Paramount	NewsCorp/Viacom
	Armageddon	US	BVI/Touchstone	Disney
	Devil's Advocate	US	Warner Brothers	Time Warner
	The Mask of Zorro	US	Sony Pictures Entertainment	Sony
France	*Titanic*	US	Fox/Paramount	NewsCorp/Viacom
	Le Dîner de Cons	France	Gaumont	Gaumont Multimedia
	Les Couloirs de Temps (The Visitors II)	France	Gaumont	Gaumont Multimedia
	Taxi	France	ARP/TF1	
Italy	*Titanic*	US	Fox/Paramount	NewsCorp/Viacom
	Tre Uomini e una Gambia	Italy	Medusa	Mediaset
	La Vita è Bella	Italy	Cecchi Gori	Cecchi Gori Group
	Cosi è La Vita	Italy	Medusa	Mediaset
Japan	*Titanic*	US	Fox/Paramount	NewsCorp/Viacom
	Deep Impact	US	Paramount/Dream Works	Viacom
	Pokémon	Japan	Shogakukan Productions Co., Ltd.	
	Godzilla	US	Sony/TriStar	Sony
Mexico	*Titanic*	US	Fox/Paramount	NewsCorp/Viacom
	Godzilla	US	Sony/TriStar	Sony
	Armageddon	US	BVI/Touchstone	Disney
	A Bug's Life	US	BVI/Disney	Disney
Poland	*Titanic*	US	Fox/Paramount	NewsCorp/Viacom
	Armageddon	US	Buena Vista/ Touchstone	Disney
	Godzilla	US	Sony/TriStar	Sony
	As Good As It Gets	US	Columbia/TriStar	Sony

Table 2 *(Cont'd)*

Country	Films	Country	Film company	Affiliated media conglomerate (if any)
Russia	*Titanic*	US	Fox/Paramount	NewsCorp/Viacom
	Armageddon	US	Buena Vista/ Touchstone	Disney
	Godzilla	US	Sony/TriStar	Sony
	Deep Impact	US	Paramount/ DreamWorks	Viacom
South Africa	*Tomorrow Never Dies*	US–UK	MGM/United Artists	Disney
	Armageddon	US	BVI/Touchstone	Disney
	There's Something About Mary	US	20th Century Fox	NewsCorp
	Deep Impact	US	Paramount/ DreamWorks	Viacom
South Korea	*Titanic*	US	Fox/Paramount	NewsCorp/Viacom
	Armageddon	US	BVI/Touchstone	Disney
	Mulan	US	BVI/Disney	Disney
	A Promise	Korea	Shincine	Samsung

All sources: Screen International 1998 except Japan (*Variety*). Research: Jillian K. Dunham.

expansion. As Viacom CEO Sumner Redstone has put it, "Companies are focusing on those markets promising the best return, which means overseas." Frank Biondi, former chairman of Seagram's Universal Studios, asserts that "99 percent of the success of these companies long-term is going to be successful execution offshore."

Prior to the eighties and nineties, national media systems were typified by domestically owned radio, television and newspaper industries. Newspaper publishing remains a largely national phenomenon, but the face of television has changed almost beyond recognition. Neoliberal free-market policies have opened up ownership of stations as well as cable and digital satellite TV systems to private and transnational interests, producing scores of new channels operated by the media TNCs that dominate cable ownership in the United States. The channels in turn generate new revenue streams for the TNCs: the major Hollywood studios, for example, expect to generate $11 billion from global TV rights to their film libraries in 2002, up from $7 billion in 1998.

While media conglomerates press for policies to facilitate their domination of markets throughout the world, strong traditions of protection for domestic media and cultural industries persist. Nations ranging from Norway, Denmark and Spain to Mexico, South Africa and South Korea keep their small domestic film production industries alive with government subsidies. In the summer of 1998 culture ministers from twenty nations, including Brazil, Mexico, Sweden, Italy and Ivory Coast, met in Ottawa to discuss how they could "build some ground rules" to protect their cultural fare from "the Hollywood juggernaut." Their main recommendation was to keep culture out of the control of the World Trade Organization. A similar 1998 gathering, sponsored by the United Nations in Stockholm, recommended that culture be granted special exemptions in global trade deals.

Nevertheless, the trend is clearly in the direction of opening markets. 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. There are often strong commercial-media lobbies within nations that perceive they have more to gain by opening up their borders than by maintaining trade barriers. In 1998, for example, when the British government proposed a voluntary levy on film theater revenues (mostly Hollywood films) to benefit the British commercial film industry, British broadcasters, not wishing to antagonize the firms who supply their programming, lobbied against the measure until it died.

The global media market is rounded out by a second tier of four or five dozen firms that are national or regional powerhouses, or that control niche markets, like business or trade publishing. About half of these second-tier firms come from North America; most of the rest are from Western Europe and Japan. Each of these second-tier firms is a giant in its own right, often ranking among the thousand largest companies in the world and doing more than $1 billion per year in business. 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, Havas, Mediaset, Hachette, Prisa, Canal Plus, Pearson, Reuters and Reed Elsevier. The Japanese companies, aside from Sony, remain almost exclusively domestic producers.

This second tier has also crystallized rather quickly; across the globe there has been a shakeout in national and regional media markets, with small firms getting eaten by medium firms and medium firms being swallowed by big firms. Many national and regional conglomerates have been established on the backs of publishing or television empires, as in the case of Denmark's Egmont. The situation in most nations is similar to the one in the United States: compared with ten or twenty years ago, a much smaller number of much larger firms now dominate the media. Indeed, as most nations are smaller than the United States, the tightness of the media oligopoly can be even more severe. 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 and is negotiating to purchase one or both of the two public TV networks, which the government is aiming to sell. In short, the rulers of New Zealand's media system could squeeze into a closet.

Second-tier corporations are continually seeking to reach beyond national borders. 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 TV 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/TV/billboard/movie theater power that has been constructed almost overnight. In 1998 it spent well over $1 billion purchasing media assets in Mexico, Argentina, Brazil and Venezuela.

Thus 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 sixty or seventy 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. And like second-tier media firms elsewhere, they are also establishing global operations, especially in nations that speak the same language. As a result, they 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, the sixty or seventy first- and second-tier giants control much of the world's media: book, magazine and newspaper publishing; music recording; TV production; TV stations and cable channels; satellite TV systems; film production; and motion picture theaters. But the system is still very much in formation. New second-tier firms are emerging, especially in lucrative Asian markets, and there will probably be further upheaval among the ranks of the first-tier media giants. And corporations get no guarantee of success merely by going global. The point is that they have no choice in the matter. Some, perhaps many, will falter as they accrue too much debt or as they enter unprofitable ventures. But the chances are that we are closer to the end of the process of establishing a stable global media market than 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 is fundamentally noncompetitive in any meaningful economic sense of the term. Many of the largest media firms have some of the same major shareholders, own pieces of one another or have interlocking boards of directors. When *Variety* compiled its list of the fifty largest global media firms for 1997, it observed that "merger mania" and cross-ownership had "resulted in a complex web of interrelationships" that will "make you dizzy." 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 twelve 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, the global media market more closely resembles a cartel than it does the competitive marketplace found in economics textbooks.

Global conglomerates can at times have a progressive impact on culture, especially when they enter nations that had been tightly controlled by corrupt crony media systems (as in much of Latin America) or nations that had significant state censorship over media (as in parts of Asia). 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.

While the "Hollywood juggernaut" and the specter of US cultural imperialism remains a central concern in many countries, the notion that corporate media 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 Belgium or have corporate headquarters in New York or Sydney. Bertelsmann CEO Thomas Middelhoff bristled when, in 1998, some said it was improper for a German firm to control 15 percent of the US book-publishing market. "We're not foreign. We're international," Middelhoff said. "I'm an American with a German passport."

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 that "the world filmgoing audience is fast becoming more homogeneous." Whereas action movies had once been the only sure-fire global fare – and comedies had been considerably more difficult to export – by the late nineties comedies like *My Best Friend's Wedding* and *The Full Monty* were doing between $160 million and $200 million in non-US box-office sales.

When audiences appear to prefer locally made fare, the global media corporations, rather than flee in despair, globalize their production. This is perhaps most 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 percent of their sales outside the United States in 1993; by 1998 that figure was down to 40 percent. Rather than fold their tents, however, the five media TNCs 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 has led the way in establishing distribution deals with independent music companies from around the world [see table 3].

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 antimarket 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. 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. In the words of the late Emilio Azcarraga, the billionaire head of Mexico's Televisa: "Mexico is a country of a modest, very fucked class [. . .]. Television has the obligation to bring diversion to these people and remove them from their sad reality and difficult future."

It may seem difficult to see much hope for change. 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

Table 3 Who owns the music? Overseas sales of US recording artists are declining, but the media giants are establishing subsidiaries around the world to produce and distribute local music. Here are the top four recording artists in selected countries, with ownership information

Country	Artist	Title	Label	Company and home base
Brazil	E O Tchan	E O Tchan do Brasil	Universal	Seagram (Canada)
	Pe. Marcelo Rossi	Musicas para Louvar A. Senhor	Universal	Seagram (Canada)
	Grupo Molejo	Brincadeira de Crianca	Warner	Time Warner (US)
	Leandro & Leonardo	Un Sonhador	BMG	Bertelsmann (Germany)
France	Original Soundtrack	Notre Dame de Paris	Sony	Sony (Japan)
	Original Soundtrack	Titanic	Sony	Sony (Japan)
	Louise Attaque	Louise Attaque	Sony	Sony (Japan)
	Celine Dion	S'il Suffisait d'Aimer	Sony	Sony (Japan)
Japan	B'z	B'z The Best Pleasure	Rooms Records	Being, Inc. (Japan)
	B'z	B'z The Best Treasure	Rooms Records	Being, Inc. (Japan)
	Every Little Thing	Time to Destination	Avex	Avex Group (Japan)
	Yumi Matsutoya	Neue Music	Toshiba/EMI	EMI (Japan)
Mexico	Los Temerarios	Como te Recuerdo	Fonovisa	Televisa (Mexico)
	Mecano	Ana, Jose, Nacho	BMG	Bertelsmann (Germany)
	Juan Gabriel	Celebración de los 25 años	BMG	Bertelsmann (Germany)
	Mana	Sueños Liquidos	Warner	Time Warner (US)
Poland	Original Soundtrack	Titanic	Sony	Sony (Japan)
	Celine Dion	Let's Talk About Love	Sony	Sony (Japan)
	Modern Talking	Back for Good	BMG	Bertelsmann (Germany)
	Era	Ameno	Universal	Seagram (Canada)
Russia	Depeche Mode	Ultra	Mute	Mute (UK)
	Enigma	Le Roi Est Mort, Vive le Roi!	EMI	EMI
	George Michael	Older	EMI	EMI
	Paul McCartney	Flaming Pie	EMI	EMI
South Africa	Whitney Houston	My Love Is Your Love	Arista	Bertelsmann (North America)
	Boyzone	By Request	Polygram	Seagram (Canada)
	Vengaboys	Greatest Hits Bonus	EMI	EMI (South Africa)
	Ricky Martin	Ricky Martin	Sony/Columbia	Sony (Japan)
South Korea	Seo Tae-Ji	Take 5	Samsung	Samsung
	H.O.T.	Set a Line (vol. 4)	Shinnara	(South Korea)
	Ryu Seung-Joon Ryu	Seung-Joon 2	Seoul	(South Korea)
	Cool	Sorrow	Samsung	Samsung

All sources: IFPI (International Federation of Phonographic Industry) except South Africa (Bryan Pearson). Research: Jillian K. Dunham.

long-term implications of current developments for democracy and accountability." But there are indications that progressive political movements around the world are increasingly making media issues part of their political platforms. From Sweden, France and India to Australia, New Zealand and Canada, democratic left political parties are making structural media reform – breaking up the big companies, recharging nonprofit and noncommercial broadcasting and media – central to their agenda. They are finding out that this is a successful issue with voters.

At the same time, the fate of the global media system is intricately intertwined with that of global capitalism, and despite the self-congratulatory celebration of the free market in the US media, the international system is showing signs of weakness. Asia, the so-called tiger of twenty-first-century capitalism, fell into a depression in 1997, and its recovery is still uncertain. Even if there is no global depression, discontent is brewing in those parts of the world and among those segments of the population that have been left behind in this era of economic growth. Latin America, the other vaunted champion of market reforms since the eighties, has seen what a World Bank official terms a "big increase in inequality." While the dominance of commercial media makes resistance more difficult, it is not hard to imagine widespread opposition to these trends calling into question the triumph of the neoliberal economic model and the global media system it has helped create.