

# **The New Communications Cartel**

from the

## **Preface to the Fifth Edition (1997)**

of the book

### **The Media Monopoly**

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published by **Beacon Press, 1997**

**In the last 5 years, a small number of the country's largest industrial corporations has acquired more public communications power-including ownership of the news-than any private businesses have ever before possessed in world history.**

**Nothing in earlier history matches this corporate group's power to penetrate the social landscape. Using both old and new technology, by owning each other's shares, engaging in joint ventures as partners, and other forms of cooperation, this handful of giants has created what is, in effect, a new communications cartel within the United States.**

**At issue is not just a financial statistic, like production numbers or ordinary industrial products like refrigerators or clothing. At issue is the possession of power to surround almost every man, woman, and child in the country with controlled images and words, to socialize each new generation of Americans, to alter the political agenda of the country. And with that power comes the ability to exert influence that in many ways is greater than that of schools, religion, parents, and even government itself.**

**Aided by the digital revolution and the acquisition of subsidiaries that operate at every step in the mass communications process, from the creation of content to its delivery into the home, the communications cartel has exercised stunning influence over national legislation and government agencies, an influence whose scope and power would have been considered scandalous or illegal twenty years ago.**

**The new communications cartel has been made possible by the withdrawal of earlier government intervention that once aspired to protect consumers and move toward the ideal of diversity of content and ownership in the mass media. Government's passivity has emboldened the new giants to boast openly of monopoly and their ability to project news, commercial messages, and graphic images into the consciousness and subconscious of almost every American.**

**Strict control of public information is not new in the world, but historical dictatorships lacked the late twentieth century's digital multimedia and distribution technology. As the country approaches the millennium, the new cartel exercises a more complex and subtle kind of control.**

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Because each of the dominant firms has adopted a strategy of creating its own closed system of control over every step in the national media process, from creation of content to its delivery, no content-news, entertainment, or other public messages-will reach the public unless a handful of corporate decision-makers decide that it will. Smaller independents have always helped provide an alternative and still do, but they have become ever more vulnerable to the power of the supergiants. As the size and financial power of the new dominant firms have escalated, so has their coercive power to offer a bothersome smaller competitor a choice of either selling out at once or slowly facing ruin as the larger firm uses its greater financial resources to undercut the independent competitor on price and motion. In the process, consumers have become less influential than ever.

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Perhaps the most troubling power of the new cartel is its control of the main body of news and public affairs information. The reporting of news has always been a commercial enterprise and this has always created conflicts of interest. But the behavior of the new corporate controllers of public information has produced a higher level of manipulation of news to pursue the owners' other financial and political goals. In the process, there has been a parallel shrinkage of any sense of obligation to serve the non-commercial information needs of public citizenship.

The idea of government interceding to protect consumers is contrary to the ideology of most of the media cartel's leaders, who with few exceptions, pursue the conservative political and economic notion of an uninhibited free market that operates without social or moral obligations.

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... earlier, it was possible to describe the dominant firms in each separate medium-daily newspapers, magazines, radio, television, books, and movies. With each passing year ... the number of controlling firms in all these media has shrunk: from fifty corporations in 1984 to twenty-six in 1987, followed by twenty-three in 1990, and then, as the borders between the different media began to blur, to less than twenty in 1993. In 1996 the number of media corporations with dominant power in society is closer to ten. In terms of media possessions and resources, the newest dominant ten are Time Warner, Disney, Viacom, News Corporation Limited (Murdoch), Sony, Tele-Communications, Inc., Seagram (TV, movies, cable, books, music), Westinghouse, Gannett, and General Electric.

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The magnitude of the new media cartel's power is reflected in the simple dollar size of recent transactions that produced it.

At the time of the first edition of this book, in 1983, the biggest media merger in history was a \$340-million matter, when the Gannett Company, a newspaper chain, bought Combined Communications Corporation, an owner of billboards, newspapers, and broadcast stations. In 1996, when Disney merged with ABC/Cap Cities, it was a \$19-billion deal-fifty-six times larger. This union produced a conglomerate that is powerful in every major mass medium: newspapers, magazines, books, radio, broadcast television, cable systems and programming, movies, recordings, video cassettes, and, through alliances and joint ventures, growing control of the golden wires into the American home-telephone and cable.

But the quantity of money involved is the least disturbing measure of events. More ominous is how this

**degree of concentrated control translates into the power to shape the country's political and economic agendas, to create models of behavior for each generation, and to achieve ever more aggressive, self-serving access to every level of government.**

**A prime exhibit of the cartel's new political power is the Telecommunications Act of 1996. This act was billed as a transformation of sixty-two years of federal communications law for the purpose of "increasing competition." It was, with some exceptions, largely described as such by most of the major news media. But its most dramatic immediate result has been to reduce competition and open the path to cooperation among the giants.**

**The new law opened the media field to new competitors, like the large regional telephone companies, on the theory that cable and telephone companies would compete for customers within the same community. In practice, the power of one company in television was enlarged to permit a single firm to reach 35 percent of all American households. The act made it possible, for the first time, for a single company to own more than one radio station in the same market. A single owner was now permitted to own both TV stations and cable systems in the same market. License periods for broadcasters were expanded.**

**The Telecommunications Act of 1996 swept away even the minimal consumer and diversity protections of the 1934 act that preceded it. Though this was an intricate bill of 280 pages that would transform the American media landscape, its preparation and passage did not meet the standards of study and public participation that ordinarily would precede an historic transformation of a major influence on society.**

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**... Of the 1,500 daily newspapers in the country, 99 percent are the only daily in their cities. Of the 11,800 cable systems, all but a handful are monopolies in their cities. Of the 11,000 commercial radio stations, six or eight formats (all-talk, all-news, variations of rock music, rap, adult contemporary, etc.), with an all but uniform content within each format, dominate programming in every city. The four commercial television networks and their local affiliates carry programs of essentially the same type, with only the meagerly financed public stations offering a genuine alternative. Thus, most of the media meet the tongue-twisting argot of Wall Street in J being oligopolies that are collections of local monopolies. This means few choices for citizens looking for genuine differences.**

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**Almost all of the media leaders, possibly excepting Ted Turner of Turner Broadcasting, are political conservatives, a factor in the drastic shift in the entire spectrum of national politics to a brand of conservatism once thought of as "extreme."**

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**... most conservatives consider news bias to be any news that departs from the promotion of conservatism and corporate values.**

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**Domination of corporate values lies behind another profound imbalance in the news. Almost every metropolitan paper in the country has a whole section devoted to "Business," which, with rare exceptions, combines service to financiers and investors with presentation of corporate leaders as heroes or exciting combatants. There is no such systematic section for consumers, though most of the**

country's readers are not investors but consumers. When Time Warner and Turner merged, the New York Times devoted a full page to the story, but not one sentence was devoted to what the merger might mean to the national audience of viewers and listeners. "The News Hour with Jim Lehrer," broadcasting's centerpiece of non-commercial news, also ran a major segment on the merger with no mention of its probable impact on the audience.

The daily, even hourly, pursuit of corporate and stock market information by the standard news outlets is in stark contrast to their faint concern with the finances and economics of the majority of American families. From 1987 to 1994, the purchasing power of the minimum wage dropped 35 percent. Only years later when a political battle erupted over a move to increase the minimum wage was there any reporting in the standard news that noted the hardship this represented for the most needful American workers. If the Dow Jones Industrial Average had dropped 35 percent in seven years it would have been an ongoing and urgent issue in newscasts and on page one in newspapers, with insistence that official action be taken.

Another zone of near silence has led to ominous signs in the economy and a threat to social peace. In the United States, maldistribution of income-the growing gap between rich and non-rich-is among the worst among developed countries. Years of systematic silence on the matter in the news media has permitted an accumulation of public distrust, anger, and frustration.

Economist Lester Thurow has said of the widening gap, "Probably no country has ever had as large a shift in the distribution of wealth without having gone through a revolution or losing a major war." But the minimal appearance in the news during the years when this maldistribution was clearly developing has kept both its cause and possible solutions largely invisible - and therefore out of the political arena. As always, the public's lack of good information during a time of duress has led to finding scapegoats, and to increasing domestic right-wing terrorism of a sort once thought limited to the Third World.

In an era of headlines on cutting welfare to the poor, there has been no counterpoint emphasis on the \$86 billion a year in taxpayers' subsidies (welfare) to American corporations, some of which help support the relocation of their operations to other countries, resulting in massive employee layoffs within the United States.

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Commercial television broadcasting's treatment of children and their needs continues to be a national disgrace. In 1951, when far fewer television channels existed, there were twenty-seven hours a week of children's programming. By the 1990s, with far more channels, there were only three or four hours a week on all networks.

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The role of children in modern commercial television is that of targets-targets for commercials that sell snacks, soft drinks, fashionable clothes, and toys. The idea of the child as future responsible citizen seems not to exist on commercial TV. That role seems to be left to public television, whose appropriations conservatives and commercial interests have done their best to kill, and which in response has itself become dependent upon corporate advertising.

In the reign of the new media cartel, the integrity of much of the country's professional news has become more ambiguous than ever. The role of journalists within news companies has always been an inherent dilemma for reporters and editors. Reporters are expected by the public and by reportorial standards to act like independent, fair-minded professionals. But reporters are also employees of

**corporations that control their hiring, firing, and daily management- what stories they will cover and what part of their coverage will be used or discarded. It is a harsh newsroom reality that never seems to cause conservative critics to speculate why their corporate colleagues who own the news and have total control over both their reporters' careers and the news that gets into their papers would somehow delight in producing "liberal bias."**

**The new media conglomerates have exacerbated the traditional problems of professional news. The cartel includes some industries that have never before owned important news outlets. Some of the new owners find it bizarre that anyone would question the propriety of ordering their employee-journalists to produce news coverage designed to promote the owner's corporation.**

**Seeing their journalists as obedient workers on an assembly**

**line has produced a growing incidence of news corporations | demanding unethical acts. There are more instances than ever of management contempt and cruelty toward their journalists.**

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**the daily newspaper business ... remains one of the most profitable in the country. Profit level of daily newspapers is two to three times higher than average profits of the Fortune 500 top corporations, according to John Morton of Morton Research, an authoritative source on newspaper economics. According to Standard and Poor's Media Industry Survey, in 1994, not a banner year in the news industry, the average profit for publicly traded news companies was 20 percent.**

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**Letting advertisers influence the news is no novelty in less respected papers, but in the past it was usually done by innuendo, or quiet editing, reassignment, or firing. It has seldom before been so boldly stated and practiced in ways that typify the new contempt that some news companies feel for the professional independence of their journalists-and for the news audience. The trend typifies a growing attitude that reporting the news is just another business.**

**Local alternative news weeklies have always been publications that monitor their local dailies and broadcast stations and provide alternative information and opinion. They still do. But even this field has seen the growth of chains, the franchising of weekly papers, and the creeping influence of impersonal corporate management.**

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**Only fifteen years ago, it was possible to cite specific corporations dominant in one communications medium, with only a minority of those corporations similarly dominant in a second medium. Today, as noted, the largest media firms have an aggressive strategy of acquiring dominant positions across every medium of any current or expected future consequence. Known and admired on Wall Street as "synergy," the policy calls for one company subsidiary to be used to complement and promote another. The process has helped produce a quantum leap in the power of a dominant media corporation to create and manipulate popular culture and models of behavior (or misbehavior) - and to use this power for narrow commercial and political purposes.**

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**In 1987, cancellation of the Fairness Doctrine made another new antidemocratic phenomenon almost predictable. Talk radio has become an overwhelming ultraconservative political propaganda - machine. The most influential propagandist, Rush Limbaugh, has nineteen million listeners, and there is no right of reply to his extra-ordinary record of lies, libels, and damaging fantasies.**

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**Almost from the start, national communications law has been based on the concept that the public owns the airwaves. For their part, broadcasters insist on government policing and penalties to prevent unlicensed operators from willingly or unwillingly jamming the frequencies of established stations; otherwise there would be a chaos of static on radio and screens full of "snow" on television. But federal law also mandates that those who hold licenses must maintain local studios and operate "in the public interest" which, given the local nature of studios, has meant significant access to the airwaves by community groups. Holders of broadcast licenses have no right to licenses beyond their term limits and presumably may renew them only if they have fulfilled their community obligations.**

**Despite the law, in recent years both the major media operators and the Congress have acted as though its "public ownership" phrases are not there or can be safely ignored. The Congress, the White House, and the Federal Communications Commission have steadily relaxed standards to permit the growing exclusion of community voices on the country's 11,000 local commercial radio stations, 1,500 television stations, and 11,800 local cable systems.**

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**There are basic measures to be taken if the public is to regain \ access to its own media and guarantee choices that have some relationship to the varying needs and tastes of the population. Many of these will require mandatory actions: the broadcast industry has an almost unrelieved history of cynicism and evasion in its promises of self-reform.**

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### **[Proposals]**

**\* It is time for a new, nonpartisan, nongovernmental commission to study the present and desired future status of the country's media. In 1947, Henry Luce donated the money for the influential Commission on Freedom of the Press, headed by Robert Maynard Hutchins. It dealt with the printed press and gave the country a fresh look at modern needs of news and public information in a democracy. It was important following, as it did, the catastrophes of pre-war dictatorships' controlled media. These were still live memories at a time when most of American news was still strikingly narrow and parochial.**

**We need a modern commission to examine the more complex and compelling contemporary need-to remind the American public and the media industry itself of the new power of modern media technology and its obligations to democratic life. Such a commission must avoid the flaws of other important study commissions in which industry influence resulted in a final report that was either vague generalities or a watery support of the status quo.**

**\* The National News Council that existed from 1973 to 1984 is needed today more than ever. Supported by foundations, the Council heard serious complaints about specific cases of national news media performance, studied the known facts with all parties free to be heard, and issued a report in each case. While none of its recommendations were mandatory, it provided the public with a voice and the news**

media with a forum for the recognition, admitted or not, of existing weaknesses. But when the foundations, after having created the Council and proved its feasibility and need, said it was time for the industry itself to support the idea, as is done in some other democracies, no major media organizations came forward to support the effort, and the Council died. It is worth trying again, now that the public is more aware of problems in the media than it was twenty years ago.

\* The Telecommunications Act of 1996 needs to be replaced by a new law that can begin to break up the most egregious conglomerates, reinstate mandatory local community access, and put teeth in the requirement that stations demonstrate their record of public interest programming when they apply for renewal of their licenses. License challenge procedures have to be made more accessible to civic groups dissatisfied with their local radio and TV broadcast stations. (Networks are not regulated, but their local affiliates are.)

\* Public broadcasting must be financed through a new, nonpolitical system, as is done for the best systems in other democracies. Today, non-commercial broadcasting depends on appropriations by federal and state legislatures that themselves are heavily beholden to corporate interests. A small surtax on all consumer electronic equipment—computers, VCRs, TV and radio sets, and the like—is minuscule at the individual retail level but could provide funding for a full-fledged multi-channel radio and TV non-commercial system, and for a substantial national broadcast news and documentary operation.

Ignored for so long that they now sound radical and remote are earlier proposals for funding public, non-commercial broadcasting. In 1967, a Carnegie Commission proposed a tax on television sets to finance non-commercial television. That year the Ford Foundation financed the Public Broadcasting Laboratory, which paid for an historic and popular one-hour program every Sunday that awakened for many Americans the possibilities that commercial broadcasting lacked.

\* The Federal Communications Commission has succumbed to what seems to be the natural history of too many consumer protection agencies, which over time has been to shift from their original purpose of protecting consumers against unfair or dangerous industry behavior to an opposite role of protecting industries from their consumers. The agency needs to be reconstituted to include specified representatives from nonpartisan groups like the Parent Teachers Association, as well as presidential appointees. It has been a generation since 1961 when the new chairman of the FCC, Newton Minow, startled the convention of the National Association of Broadcasters with the statement that they operated "a vast wasteland" and were "squandering the public airwaves," and warned, "There's nothing permanent or sacred in a broadcast license."

\* The Fairness Doctrine and equal time provisions desperately need to be restored. In 1987 broadcasters promised that their repeal would increase serious public affairs programming. In fact, that kind of programming has been largely abandoned in favor of more advertising and violence. The answer to the Rush Limbaughs is not censorship but a restoration of the public right of timely reply on the stations and at the times the Limbaughs and others now broadcast.

From the inception of commercially licensed broadcasting in 1927, the Fairness Doctrine required broadcasters to devote a reasonable amount of time to discussion of controversial issues of public importance, and to permit reasonable opportunities for opposing views to be heard. It included special provisions to oblige stations to provide reasonable time for response by those attacked in discussions. Beginning in 1979 and continuing through the deregulation campaign of President Reagan in the early 1980s, broadcasters pushed for repeal of these regulations, and for all practical purposes the broadcasters won. An equal time provision in essence said that in the forty-five days before an election, stations must make time available to opposing candidates on roughly the same basis, whether for paid time or public service campaign discussions.

**\* End auctioning of broadcast frequencies to stations. The process implies license ownership. The public still owns the airwaves and frequencies should be granted as in the past-on credible promises made and kept of public service. Restore local voting on monopoly cable franchises instead of the present backroom deals. Let the FCC or its replacement do what basic public ownership of the airwaves implies-give stations licenses for a limited time, conditional on their general performance as good citizens in their communities.**

**Make it routine to notify all citizens of local market broadcast license renewals-all stations in a state have their renewal come up in the same year. As that date approaches, existing holders of licenses asking for renewal should be required to show public evidence of what they have done in the past.**

**\* The country needs easy, inexpensive licensing of low-power, city- and neighborhood-range radio and TV stations. Japan has them and so can the United States. As it is, local communities and ordinary local businesses have been effectively excluded from the air by national broadcasters and advertisers.**

**\* Paid political advertising should be banned from American broadcasting, as it is in most democracies. In the two months before elections, every station should be required to provide prime time hours for local and national candidates, with fifteen-minute minimums for presentations to avoid the slick sound biter without content that now dominate broadcast election campaigns.**

**\* Teach serious media literacy in the schools, using independently created curricula. Some already are available and others are being developed. The average American child will spend more time in front of a TV set than in front of a teacher. The young are targets for slick materialism. They need to know how this important element in their lives operates and how it can be analyzed.**

**\* More citizens need to join and contribute to the various media reform groups like the Cultural Environment Movement, the Center for Media Education, FAIR, and the Institute for Alternative Journalism. There are other groups, but these can lead interested citizens to specific action and to other action groups.**

**The domination of private money in public politics, which has subverted so much public policy, also prevents legal solutions to problems in the mass media. Most media proprietors show little or no evidence in their programming of any sense of obligation to treat the American audience as citizens of a democracy. Campaign finance reform and media reform are directed at the same societal sickness- the influence of private money that improperly negates civic need and public choice. Linked to the same problem, they have become linked in the ultimate remedy. At stake is the-accountability of politics and with it the media's socialization of American children and the nation's culture.**