

Discussed herein:
Hinkley, “How Corporations Inhibit...
Potter, Media Literacy

I. OPEN DISCUSSION, NOT BASED ON READING

Why is a mass communication important for democracy?

Who rules in a democracy?

To vote, to stay informed in order to make decisions in your best interest.

Democracy is founded on the idea that people are rational creatures; that when people have access to information, they are best governed by themselves.

Instead of rule by few, rule by many, but you can't have that if people aren't informed.

Who owns the mass media in America?

3 main types of media systems:

Government owned, (China, Saudi Arabia, Iran)—state-sponsored censorship, most often in undemocratic government so ---> blatantly undemocratic

Hybrid: Partial State (Public)/Corporate aka private (England, Japan, Canada):

“Public” because when a government is democratic, it is owned by the people

Britain (taxes support cultural, educational, experimental programming that otherwise wouldn't be shown because it's not profitable enough).

Corporate (private): United States

US has the largest and wealthiest media system, aggressively for-profit

First Amendment - govt can't make a law that abridges freedom of the speech/religion/press. Press was originally seen as a watchdog, as a check on govt power.

But does First Amendment make censorship illegal?

No, because it only applies to government action. The First Amendment doesn't prevent businesses from censoring things.

Understandable, at the time:

When First Amendment? (1791)

There was no such thing as a corporation until the 1800s.

II. HINKLEY, “HOW CORPORATIONS INHIBIT SOCIAL RESPONSIBILITY”

What's the first goal of a corporation?

To earn a profit

What are some other things corporations do?: create jobs, provide healthcare for employees, discover new medicines, make cool clothes, *but these goals are secondary.*

If Salomon Smith Barney can make a lot of money cutting down redwoods, it will do that. If it finds that cutting down redwoods ignites so much hostility that it will hurt its stock price, it will opt to save the environment.

If Ford Motor Co. opens a plant in Texas, it is creating jobs but it does not open plants to create jobs, it opens a plant to make money.

Who is government accountable to (in a democracy)?

Citizens/voters

Who are corporations accountable to?

Shareholders.

What might happen if a company decided to do something to benefit society? For example, the Gap has been criticized for using child labor and paying starvation wages. What if the Gap improved its labor practices, but at an increased cost of \$20 million a year?

If you've invested your college savings in the Gap, what would you think?

Its shareholders could get mad and could possibly even sue.

The only exception would be if the Gap convinced shareholders that improving its labor practices more was in its financial interests. For example, bad labor practices could lead to negative public opinion and boycotts, which would also hurt the Gap's stock price.

The fact that corporations' goal is to main money sounds obvious but is easy to forget because companies constantly try to conceal this point.

(Show examples of ads where a company implies that its job is improving the environment, curing cancer, educating children, etc.)

How does this affect media corporation?

How does a media exec define "good" programming?

"Good" is defined by what's profitable.

Do the executives at NBC necessarily like the programming they run?

No, often personal preferences move them in other directions.

III. ECONOMIES OF SCALE (POTTER READING)

Who can explain economies of scale?

The more you make of a product, the cheaper it gets per item.

Examples:

- Buying bulk food (Sam's Club, Costco)

• *Say I'm a magazine publisher. When I go to print my magazine, the first 1,000 copies are \$2,000. Set-up costs are the same, no matter whether I get 2 copies made or a thousand. But beyond the first 1,000 copies, the per-copy price goes down precipitously:*

1,000 copies -- \$2,000 (\$2 each)

2,000 copies -- \$2,700

3,000 copies -- \$3,200

4,000 copies -- \$3,700

5,000 copies -- \$4,200 (84 cents each)

- TV works similarly. Example.

The larger the TV audience, the more it can charge for advertising.

Explain supply and demand.

How are TV and radio different from print media? If I want to reach more readers, do I pay...?

Broadcasters don't have to pay more to reach more viewers. No tangible product.