

THE LORDS OF THE GLOBAL VILLAGE

By Ben Bagdikian
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Ben Bagdikian is a long-time critic of the media industries and author of The Media Monopoly.

KEY QUESTIONS

What's wrong with media concentration, according to Bagdikian?

What is Fox's retail strategy with TV Guide? How do you think this affects other magazines on the market?

Bagdikian writes that "the problem today is not free enterprise but the lack of it." What does he mean by that?

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In the 1960s, Marshall McLuhan promulgated the idea of a new "global village," a world knit together and transformed by television and other marvels of the electronic age. His popular book, *Understanding Media*, predicted that an information network would envelop the planet, spreading democracy and leading to "a Pentecostal condition of universal understanding and unity . . . a general cosmic consciousness." The global village is growing. Glasnost in the Soviet Union, stirrings in Eastern Europe and demands for openness in China all respond in real measure to images of freedom and dignity transmitted by the penetrating networks foreseen by McLuhan.

But in recent years there have grown other networks designed to penetrate the world with messages far from the enlightenment and openness of "a general cosmic consciousness." A handful of mammoth private organizations have begun to dominate the world's mass media. Most of them confidently announce that by the 1990s they—five to ten corporate giants—will control most of the world's important newspapers, magazines, books, broadcast stations, movies, recordings and videocassettes. Moreover, each of these planetary corporations plans to gather under its control every step in the information process, from creation of "the product" to all the various means by which modern technology delivers media messages to the pub-

lic. "The product" is news, information, ideas, entertainment and popular culture; the public is the whole world. The driving force for all this is simple: these closed corporate circuits are worth staggering sums. In 1979 the largest media merger in history was the Gannett newspaper chain's purchase of a billboard and television company for \$362 million. Nine years later, Rupert Murdoch bought TV Guide and other magazines from Walter Annenberg's Triangle Publications for \$3 billion. Only seven months later, the merger of Time Inc. and Warner Communications Inc. created the world's largest media firm, worth \$18 billion. On April 9, Gulf + Western (Simon & Schuster books and Paramount Pictures), once the country's most diversified conglomerate, announced that it was selling all its nonmedia industries in order to concentrate on the new gold mine of planetary media, and after nearly half a

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century was changing its name to Paramount Communications Inc.

The men who run these empires are lords of the global village. Some, like Rupert Murdoch and Robert Maxwell, are flamboyant figures known to much of the literate world. Some are so obscure that most Americans would be astonished to learn that much of what they read is published by a quiet figure from Giitersloh, West Germany. Others come and go in impersonal empires, in the gray anonymity that marks most large bureaucracies. But whatever the style, this new media royalty is bent on capitalizing on global technological and political trends.

New developments like fiber optics and satellites make it possible to publish and broadcast

across the world's surface at ever greater speeds and lower costs. National boundaries grow increasingly meaningless: Already, the Encyclopedia Americana is published by the French, New American Library books by the British and the Encyclopaedia Britannica by

By acquiring *TV Guide*, Fox will be able to force supermarkets and newsstands to give its other magazines more prominent space—if they want *TV Guide*.

Americans. In many countries, particularly those in Western Europe, government broadcasting monopolies are giving way to commercial operations with advertising increasingly aimed at megamarkets that stretch across continents.

Combining the thrust of all these corporate forces produces economic power that dwarfs that of many nations. Time Warner, for example, has a total value of \$18 billion, more than the combined gross domestic products of Jordan, Bolivia, Nicaragua, Albania, Laos, Liberia and Mali.

The global media oligopoly is invisible to the eye of the consumer. Newsstands still display rows of newspapers and magazines in a dazzling variety of colors and subjects. Bookstores and libraries still offer miles of shelves stocked with individual volumes. Throughout the world, broadcast and cable channels continue to multiply, as do video-cassettes and music recordings in dozens of lan-

guages. But if this bright kaleidoscope suddenly disappeared and was replaced by the corporate colophons of those who own this output, the collage would go gray with the names of the few media multinationals that now command the field.

This does not bode well for McLuhan's "universal understanding." The lords of the global village have their own political agenda. All resist economic changes that do not support their own financial interests. Together, they exert a homogenizing power over ideas, culture and commerce that affects populations larger than any in history. Neither Caesar nor Hitler, Franklin Roosevelt nor any Pope, has commanded as much power to shape the information on which so many people depend to make decisions about everything from whom to vote for to what to eat.

Monopolistic power dominates many other industries, and most of them enjoy special treatment by the government. But media giants have two enormous advantages: They control the public image of national leaders who, as a result, fear and favor the media magnates' political agendas; and they control the information and entertainment that help establish the social, political and cultural attitudes of increasingly larger populations.

In the United States, Democratic and Republican Presidents alike worry as much about their treatment by NBC, ABC, and CBS as they do about their treatment by their own parties. In their selection and emphasis of news and through their lobbying, the big media work for legislation favorable to all large corporations and against small firms and public-sector institutions. Both liberal Democratic and conservative Republican Administrations have given the big media corporations what they want in tax breaks and special exemptions from antitrust laws.



David Mutow (c) 1992

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Freedom of information requires three conditions: the opportunity to read and watch anything available; a diversity of sources from which to choose; and media systems that provide access for those who wish to reach their fellow citizens. In democratic countries the first condition is generally met. But the media titans are reducing the scope of the other two everywhere as they take over more and more once-independent companies. The new giants are open to whatever will maximize profits, but in pursuit of that goal they are just as ready as any dictatorship to suppress or de-emphasize news or entertainment that might seriously question their power. And far from opening their systems to journalists, authors, dramatists, musicians and citizen groups, the big corporations are working to close them off to idiosyncratic outsiders and ideas. Theirs is a strategy of total control. They buy every possible means of

delivery' (print, broadcast, films, etc.). They strive to use their own rather than independently produced material. Then they convert it to as many forms of media as they control.

A dream sequence tantalizes the lords of the global village: Giant Corporation Inc. owns subsidiaries in every medium. One of its magazines buys (or commissions) an article that can be expanded into a book, whose author is widely interviewed in the company magazines and on its broadcast stations. The book is turned into a screenplay for the company movie studios, and the film is automatically booked into the company's chain of theaters. The movie has a sound track that is released on the company record label. The vocalist is turned into an instant celebrity by cover features in the company magazines and interviews on its television stations. The recording is played on the company's chain of Top 40 radio stations. The movie is eventually issued by the firm's videocassette division and shown on company television stations. After that, rerun rights to the movie are sold to other television stations around the world. And it all started with an article in the company magazine, whose editor selected it because it was recognized as having other uses within the company. The editor of the magazine is given a generous stock option. Every other editor and producer in the empire takes notice.

The dream dramatizes a term popular with firms that engineer mergers on Wall Street: **synergy**, the creation of a whole greater than the sum of its parts. As Lee Isgur, a media analyst for Paine Webber, puts it, "The good companies must be integrated." Every major Hollywood studio has recently followed that advice, buying television stations and chains of movie theaters to guarantee outlets for their motion pictures. In 1948 the Supreme Court declared unified studio-theater ownership an illegal monopoly and forced the movie studios to divest themselves of theater chains. That move rejuvenated American movies, introducing independent and foreign films. But we now have a different



Supreme Court and a different Justice Department. Monopoly is in, antitrust is out.

Every major record company has bought as many exclusive rights as it can get to the world's record and music libraries and sheet music. After Sony bought CBS Records last year, it purchased a company that owns exclusive rights to 35,000 songs. Simon & Schuster has a division that does nothing but promote Star Trek books, which also serves the Star Trek movies issued by Gulf + Western's other subsidiary, Paramount Pictures. When Rupert Murdoch opened his all-European

Neither Caesar, Hitler, nor Franklin Roosevelt commanded as much power to shape information as today's media giants.

satellite television channel, the newscasts relied heavily on the content of his newspapers in London. The movies made by his 20th Century-Fox studios are regularly run on his Fox Broadcasting television network.

A growing phenomenon in the book industry since the emergence of huge ownership is the emphasis on blockbuster books—those with potential for mass sales and conversion to movies, television, cassettes and rerun licensing. As a result, there has been a drop in the so-called midlist books, which rarely have great spinoff possibilities but nonetheless account for most lasting works in both fiction and nonfiction. After Bertelsmann purchased Doubleday the German conglomerate pruned the U.S. book publisher's trade list by a third.

The dominant companies are extraordinarily uniform in their content. The kind of trade books issued by Simon & Schuster are mostly the same as those issued by Macmillan. The three American television networks daily present virtually indistinguishable information and entertainment programming, all aimed at creating a "buying mood" in an audience of millions and all using the same formulas, heavily laden with sex, violence and fantasy commercials.

Even the world's scholarly, scientific and technical journals are now largely controlled by the big media barons. Many of the most prestigious scientific societies have given publishing rights to corporations in order to save or make

money. The resulting price increases for these unique sources of world learning have forced university and other libraries to reduce the number of journals they buy.

Among the best-kept secrets that the giant media firms hide from their readers and viewers is the fact that they take more profit out of every consumer dollar than do smaller firms. This Law of Dominance is not the stuff of news stories or magazine articles about the mergers, acquisitions and takeovers that have created the juggernauts. It is, however, informative to listen to what merger midwives privately tell their investors. Speaking to such a group in 1986, Christopher Shaw, an American merger specialist, said that a monopoly newspaper making 15 percent profit a year is a splendid takeover target because by raising rates to subscribers and advertisers the new owner can soon be making a 40 percent annual profit.

And it is not necessary to have an old-fashioned monopoly, like the only grain store in a famine. Simply being much bigger than most competitors is enough. In its 1987 annual report, Time Inc. said, "Our competitors . . . can't duplicate the reach and clout of the eight magazines we're offering our advertisers." Murdoch told *The Wall Street Journal* that by acquiring *TV Guide's* large circulation he will be able to force supermarkets and newsstands to give his other magazines more prominent space—if they want *TV Guide*.

An advertising agency, Backer Spielvogel Bates, examined media dominance by studying 2,746 businesses over four years. The survey found that a "market dominator" (a business with sales volume at least 1.5 times its nearest competitor) was 52 percent more profitable than its nearest rival, and 183 percent more profitable than the market followers.' The author of the report, Larry Light, wrote, "It is not sufficient to have superior quality.'