

Children, Globalization, and Media Policy

Robert W. McChesney

One of the great developments of the past two decades has been the rapid rise of global commercial media all across the planet. The emergence of this new media paradigm is closely linked to neoliberal “deregulation” of corporate activity and the resulting process termed “globalization”. Another great development of recent times has been the massive expansion in the commercial media market directed at children. Both of these are highly controversial developments; together and separately they are the result of explicit policies that permit them to exist and prosper. In this brief article, I will make a few general points about each of these issues.¹ I argue that it is imperative that debates over media and media directed to children receive widespread public participation and deliberation. The current trends, without a new direction in media policy, point to dubious outcomes, for democracy, culture and public health.

The media system goes global

In the past, media systems were primarily national; but recently, a global commercial media market has emerged. To grasp media today and in the future, one must start with understanding the global system, and then factor in differences at the national and local levels. “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.”

The dominant companies – roughly one-half U.S.-based, but all with significant U.S. operations – are moving across the planet at breakneck speed. The point is to capitalize on the potential for growth abroad – and not get outflanked by competitors – since the U.S. market is well developed and only permits incremental expansion. As Viacom Chief Executive Officer Sumner Redstone has put it: “Companies are focusing on those markets promising the best return, which means overseas.” Frank Biondi, former chairman of Universal Studios,

asserts that “99 per cent of the success of these companies long-term is going to be successful execution offshore”.

The level of mergers and acquisitions is breathtaking. In the first half of 2000, the number of merger deals in global media, Internet, and telecommunications totalled \$300 billion, triple the figure for the first six months of 1999, and exponentially higher than the figure from ten years earlier. The logic guiding media firms in all of this is clear: get very big very quickly, or get swallowed up by someone else. In short order, the global media market has come to be dominated by nine or ten transnational corporations including: Disney, AOL-Time Warner, Sony, News Corporation, Viacom, Vivendi, and Bertelsmann. The eight largest media firms in the world today all rank among the 300 largest firms in the world; three decades ago one would have been hard-pressed to find a single media firm on such a list. Indeed, in 2002, *Variety* calculated that the revenues of the eight largest media firms in the world exceeded the combined revenues of the firms it ranked from nine to 50.² Between them, these companies own: the major U.S. film studios; the U.S. television networks; 80-85 per cent of the global music market; the majority of satellite broadcasting world-wide; all or part of a majority of cable broadcasting systems; a significant percentage of book publishing and commercial magazine publishing; all or part of most of the commercial cable TV channels in the U.S. and world-wide; a significant portion of European terrestrial television; and on and on and on.

A second tier of less than 100 firms that are national or regional power-houses rounds out the global media market. Sometimes these second-tier firms control niche markets, like business or trade publishing. Between one-third and one-half of these second-tier firms come from North America; most of the rest are from Western Europe and Asia. 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.

Why has all of this taken place? The conventional explanation is technology or, in other words, radical improvements in communications technology that make global media empires feasible and lucrative in a manner unthinkable in the past. This is similar to the technological explanation for globalization writ large. However, this is only a partial explanation, at best. The real force has been a shift to neoliberalism, which means the relaxation or elimination of barriers to commercial exploitation of media, and concentrated media ownership. Neoliberalism is often called “deregulation”, but that is inaccurate and misleading. There is still plenty of government regulation – try broadcasting on a channel licensed to a commercial firm – but the regulation is now conducted increasingly to suit the needs of the largest businesses instead of the general public.

There is nothing inherent in communication technology that requires neoliberalism; new digital communications could have been used, for example, to simply enhance public service media had a society elected to do so. Indeed, the problem with neoliberalism from a democratic perspective is that policies are enacted in the public’s name, but increasingly without the public’s informed

consent. Under neoliberalism, television, which had been a noncommercial preserve in many nations, suddenly became subject to transnational commercial development and was thrust into the centre of the emerging global media system. While in rhetoric this meant control shifted from the government to the market, in reality it meant that private interests could increasingly do as they pleased with government protection rather than popular “interference”.

Perhaps the best way to understand how closely the global commercial media system is linked to the neoliberal global capitalist economy is to consider the role of advertising. Advertising is a business expense made preponderantly by the largest firms in the economy. The commercial media system is the necessary transmission belt for business to market their wares across the world; indeed globalization as we know it could not exist without it. A whopping three-quarters of global spending on advertising ends up in the pockets of a mere 20 media companies. Ad spending has grown by leaps and bounds in the past decade as TV has been opened to commercial exploitation and is growing at more than twice the rate of GDP growth. Latin American ad spending, for example, is expected to have increased by nearly eight per cent in both 2000 and 2001.

In some respects, the global media market more closely resembles a cartel than it does the competitive marketplace found in economics textbooks. This point cannot be overemphasized. In competitive markets, in theory, numerous producers work hard and are largely oblivious to each other as they sell what they produce at the market price, over which they have no control. This fairy tale, still regularly regurgitated as being an apt description of our economy, is ludicrous when applied to the global media system. The leading CEOs are all on a first name basis and they regularly converse. Even those on unfriendly terms, like Murdoch and AOL-Time Warner's Ted Turner, understand they have to work together for the “greater good”. Moreover, all the first and second tier media firms are connected through their reliance upon a few investment banks like Morgan Stanley and Goldman Sachs that quarterback most of the huge media mergers. Those two banks alone put together 52 media and telecom deals valued at \$450 billion in the first quarter of 2000, and 138 deals worth \$433 billion in all of 1999. This conscious co-ordination does not simply affect economic behavior; it makes the media giants particularly effective political lobbyists at the national, regional, and global levels.

Together, these 100 or so 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 theatres. But the system is still very much in formation. And how it develops, ultimately, will be determined by the nature of the policies that are implemented in the coming years.

Global corporate media and children

But what about media content? There is an implicit pro-corporate bias, but it is a good deal more complicated than that. Market demand and creative input can

lead to some outstanding fare, and a range of ideas far beyond those found among the Board of Directors of a major media conglomerate. Global media giants can at times have a progressive impact on culture, especially when they enter nations that had been tightly dominated by corrupt, crony-controlled 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 the bottom line – figuratively and literally – is clear: the corporate media system 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.

A crucial factor that influences media content is advertising. With the global advertising supergroups mentioned above, advertisers can negotiate eyeball-to-eyeball with the media giants. As a result, a flurry of enormous “cross-platform” deals were cemented between 2000 and 2002 by the likes of Pepsi, McDonald’s, Procter & Gamble, Philip Morris and Toyota with Disney, AOL-Time Warner and Viacom.³ In this way the concentration in one industry demands further concentration in the other. It also means that the interests of large advertisers are increasingly permeating media editorial content.

For a good part of the media, satisfying the needs of advertisers is job one. This can change the equation for media content dramatically, as the needs of the audience have to be filtered through the much more important needs of the advertiser. Advertisers, for example, as a rule do not wish to be associated with controversial social or political topics. Many in the audience may enjoy them, but some do not and their opposition is enough to send most advertisers for cover.⁴ Advertisers tend to prefer shows that reach their desired audience and do nothing to undermine the sales pitch. There is also strong pressure by advertisers to have their particular message incorporated into the editorial content, as much as possible, as this greatly enhances the likelihood that the commercial will succeed. To the extent this is the case, the integrity of the media content, from the perspective of the public and the artist, is compromised. And, perhaps most important, advertising accentuates the class bias in media. Advertising, on balance, tends to be more interested in affluent consumers with money to spend. Hence media firms find it far more rewarding to develop media fare for the upper-middle class than for the poor. One look at the magazine rack in any bookstore provides a crystal clear example of this bias. More broadly, advertising has a corrosive effect on the integrity of media messages; it tends to cast everything in its image. People say not what they believe to be true, but what they are paid to say in order to convince people to buy a product.

Advertising supports much of the media that is directed at children, with all that that says about its integrity and commitment to children’s welfare.

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 anti-market 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 U.S. television stations. In India, for example, influenced by the global media giants, “the revamped news media... now focus more on fashion designers and beauty queens than on the dark realities of a poor and violent country”.⁵ 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 founder of Mexico’s Televisa: “Mexico is a country of a modest, very fucked class, which will never stop being fucked. Television has the obligation to bring diversion to these people and remove them from their sad reality and difficult future.” The combination of neoliberalism and corporate media culture tends to promote a deep and profound de-politicization. One need only look at the United States to see the logical endpoint. But de-politicization has its limits, as it invariably runs up against the fact that we live in a social world where politics have tremendous influence over the quality of our lives.

In turning directly to media and children, perhaps the best way to consider how commercial media markets address children is through the economic concept of “externalities”. Externalities refer to the economic and social costs of a market transaction that do not factor into the decision making of the buyer or seller of the product. Externalities are the Achilles Heel of capitalism; they are the unavoidable consequence of markets, whether the market is competitive or monopolistic. Industrial pollution is the classic case of an externality: neither the producer or consumer has to factor this in the market price, but society as a whole suffers and has a huge price to pay to clean it up. In media the externalities are huge. Advertising, for example, is a market activity that has significant negative externalities in the type of materialistic values it incessantly promotes. Another classic example of a media externality is violent programming. Media producers find this lucrative to make, and consumers provide a market for it. But if widespread exposure to exceptionally violent content produces a more violent society, which leads to increased violent crime, more criminals, the need for larger police forces, and a much less enjoyable society, this cost of violent media fare is not born by the media producer. It is paid for by society, whether it likes it or not. Indeed some, perhaps much, of the profit of the media producer comes because the media firm is able to pass part of the true costs of the programming on to the broader public.⁶ Likewise, to the extent media glorify the use of tobacco products, the costs associated with smoking related diseases constitute an externality.

If media externalities are widespread, perhaps the most striking and difficult to ignore are those affecting children.⁷ Consider the situation in the United States, which has the most developed commercial media market for children. By the late 1990s the U.S. children market for commercial media had grown to astronomical proportions. In 1983 there was about \$100 million in TV advertising aimed at children. By 1997 that figure had climbed to \$1 billion, and the total amount of advertising and marketing aimed at children reached \$12.7 billion.⁸ The total U.S. market for children's products was valued at \$166 billion in 2000, and another study estimates that children influence up to \$500 billion per year in purchases.⁹ The media markets have responded with a barrage of media aimed at children, from toddlers to young teens.¹⁰ Attracting children to commercial media and commercial messages is a major industry.¹¹ The social implications of this commercial media carpetbombing of children has been the subject of considerable research on what sort of effects are being generated.¹² The range of debate extends from "this is probably not a good thing we are doing to children" to "this is a massive crisis for our society."¹³ Often times, where one falls on that spectrum depends upon whether they benefit materially from the status quo. Britain's Archbishop of Canterbury, Rowan Williams, does not, so he falls into the latter camp. In 2002 he blasted the "intrusion of consumerism into childhood", specifically attacking Disney for the "corruption and premature sexualization of children". The media system with its marketing culture "openly feeds and colludes with obsession".¹⁴ Nobody without a material interest in the status quo is arguing that this could possibly be beneficial to children or our society over the long haul. But because it is an externality, this only concerns the media producers to the extent unfavorable publicity might undermine their profits. Otherwise it is utterly irrelevant, and pressure to generate profit assures that it remains that way.

Externalities need not always be negative. If a society generates a high quality journalism or a provocative entertainment culture it will have the positive externality of producing a well-informed citizenry that will make wise public policy decisions. The entire society will benefit, not just those producing and purchasing the journalism or entertainment. But just as media firms can slough off the true social and economic costs of their negative externalities, they cannot capture the additional social and economic value of their positive externalities. Therefore, built within the marketplace, there is little incentive for a rational media firm to devote resources to generating them.

Policy

There are three sets of closely related policy issues raised in this article. The first set addresses the overall political economy, and the relationship of governments to the citizenry and both of them to corporations and capitalists. These debates take place in every nation, and globally concerning institutions like the International Monetary Fund, World Bank, and World Trade Organization (WTO). The

second set addresses the media, and concern crucial debates over public broadcasting, public service regulations (and ownership restrictions) on commercial media, protection of viable journalism, and restrictions on advertising. Or they can address how to “deregulate” media to put more power in unaccountable corporate hands.

To reiterate a point made above, there is nothing “natural” about neoliberal globalization, or a commercial media system. They require extensive changes in government policies and an increased role for the state to encourage and protect certain types of activities. The massive and complex negotiations surrounding NAFTA (North American Free Trade Agreement) and the WTO provide some idea of how unnatural and constructed the global neoliberal economy is. Or consider copyright, and what has come to be considered intellectual property. There is nothing natural about this. It is a government granted and enforced monopoly that prevents competition. It leads to higher prices and a shrinking of the marketplace of ideas, but it serves powerful commercial interests tremendously. In the United States, the corporate media lobby has managed to distort copyright so the very notions of the public domain or fair use – so important historically – have been all but obliterated. The U.S. government leads the fight in global forums to see that the corporate friendly standards of copyright are extended across the planet and to cyberspace. The neoliberal commitment to copyright monopolies – now granted for 95 years to corporations – as the *sine qua non* of the global economy shows its true commitment is to existing corporate power rather than to a mythological free market.

The massive scandals resulting from neoliberal deregulation in the United States and worldwide have highlighted the contradictions in the claims about how markets would set us free. The Enron affair – where a huge corporation made billions by paying off politicians to “deregulate” utility markets and thereby fleece taxpayers, workers and consumers – revealed again how closely intertwined our government is with the largest private corporations. The widespread graft associated with neoliberal privatizations and deregulation, in telecommunication more than anywhere else – WorldCom anyone? – has augured in a wave of corruption of world historical proportions. Why should anyone have expected any other outcome? If the market is God and public service in bunk, why on earth would anyone enter government, except to feather their own nest, by any means necessary? For those at the receiving end of neoliberal globalization – the bulk of humanity – the idea that people need to accept neoliberal globalization as a given is untenable. For those committed to democracy above neoliberalism, the struggle is to require informed public participation in government policy making. Specifically, in view of the importance of media, the struggle is to democratize communication policy making.

The third set of policy issues concerns children, and specifically children’s media. Here the issue of externalities makes this a mandatory public policy issue, even for those otherwise enthralled with corporations, advertising and markets. There is no way around it: the government must act on behalf of children, because market competition and the pursuit of profit forces the com-

mercial system to neglect the long term well-being of children. The media corporations simply turn children upside down until all the money falls out of their pockets (and their parents!), and then they let go. And this has ramifications for every living thing on this planet. What sort of policies would best promote healthy children? Here the answers go far beyond media to issues of poverty, education, health care, and stable families. What sort of media policies would produce positive externalities for children and all of society? This is the media policy question that must be asked. By the logic of my argument, the direction we need to look to should be self-evident. We need to establish media that look out for children's best interests first and foremost. We must have media created and supported to do exactly that. We cannot expect a commercial system to do a satisfactory job. Indeed, the rational policy move is to require commercial media to exit the field of children's media as much as possible. Several nations in Europe currently ban or limit television advertising to children. To make this ban work, it requires that the nation subsidize ample noncommercial fare for children, and that costs money. It is a step in the right direction.

There are no simple solutions to the question of how best to organize media and communication to promote a healthy economy, democratic values and happy growing children, just like there is no simple answer to how best to structure the global political economy. Moreover, it is clear that the three debates are very closely related, in view of the significance of media and communication to both capitalism, democracy and childhood. That is why it is imperative that the debates on these topics be widespread and held under the light of day. If we know one thing from history it is this: if self-interested parties make decisions in relative secrecy, the resulting policies will serve the interests primarily of those who made them. As the old saw goes: "If you're not at the table, you not part of the deal." Our job, as scholars, as citizens, as democrats, is to knock down the door and draw some more chairs up to the table. And when we sit at that table we have to be armed with the most accurate understanding of what is taking place and what is possible that we can generate.

Notes

1. Citations can be found for most of the quotations and statistics cited herein in Robert W. McChesney, "Corporate Media, Global Capitalism", in Simon Cottle, editor, *Media Organisation and Production*. London: Sage, 2002.
2. This is based on the approval of Comcast's purchase of AT&T's assets, which is expected in the fall of 2002. See "The Global 50", *Variety*, August 26-September 1, 2002, pp. B1-B12.
3. Meg James, "Disney Sells a \$1-Billion Ad Package", www.latimes.com, June 11, 2002; Christopher Grimes, "Cross-platform Clout", *Financial Times*, February 4, 2002; Julia Angwin, "AOL Lands Toyota for Multimedia Pact", *The Wall Street Journal*, August 28, 2001, p. B7; Richard Tomkins, "A Deal that Sends a Message to the World", *Financial Times*, June 1, 2001, p. 19; Emily Nelson and Vanessa O'Connell, "P&G and Viacom Sign Broad Ad Accord", *The Wall Street Journal*, May 31, 2001, p. A3; Chuck Ross, "OMD Doing \$1 Billion Deals", *Electronic Media*, May 6, 2002, pp. 1, 46; Eric Garland, "Disney Enters Into a New Kind of Advertising Deal", *The New York Times on the Web*, June 21, 2002.

4. Joe Flint and Emily Nelson, "CBS's Pulling of 'Family Law' Rerun Underscores Advertiser's Current Clout", *The Wall Street Journal*, August 20, 2001, p. B7.
5. Pankaj Mishra, "Yearning to Be Great, India Loses Its Way", *The New York Times*, September 16, 2000, p. A27.
6. See, for example, Jim Rutenberg, "A Wave of Violence Engulfs Children's Cartoon Programs", *The New York Times*, January 21, 2001, pp. A1, A13; David E. Rosenbaum, "Violence in Media is Aimed at Young, F.T.C. Study Says", *The New York Times*, September 12, 2000, pp. A1, A20.
7. See James P. Steyer, *The Other Parent: The Inside Story of the Media's Effect on Our Children*. New York: Atria Books, 2002; Edward L. Palmer, *Television and America's Children: A Crisis of Neglect*. New York: Oxford University Press, 1988.
8. Patricia Winters Lauro, "Coaxing the Smile That Sells", *The New York Times*, November 1, 1999, pp. C1, C20.
9. *The Kids Market*. Packaged Facts, 2000, executive report, p. 1; Kim Campbell, "How Ads Get Kids to Say, I Want It!", *The Christian Science Monitor*, September 18, 2000, pp. 1, 5.
10. Louis Chunovic, "Marketers Turning 'Tween' into Green", *Electronic Media*, August 5, 2002, pp. 6, 22; Julie Salamon, "It's Always Saturday On TV", *The New York Times*, February 2, 2001, pp. B1, B28; Sally Beatty, "Disney Aims New Cable Network at Preschoolers", *The Wall Street Journal*, June 21, 2001, p. B16; Julie Salamon, "Grabbing Viewers 'Tween 8 and 14'", *The New York Times*, February 15, 2002, pp. B1, B32.
11. Mercedes M. Cardona, "Young Girls Targeted by Makeup Companies", *Advertising Age*, November 27, 2000, p. 15; Chuck Ross, "Kids Have Ad Savvy and Eye for Detail", *Electronic Media*, December 18, 2000, p. 16.
12. See, for example, Thomas Robinson et al., "Effects of Reducing Television Viewing on Children's Requests for Toys: A Randomized Controlled Trial", *Developmental and Behavioral Pediatrics*, Vol. 22, No. 3, June 2001, pp. 179-184.
13. Marilyn Elias, "Fight for Quality TV Moves to Pediatrics", *USA Today*, February 6, 2001, p. D1.
14. Ruth Gledhill, "Archbishop Fired Opening Shot at Disney", www.timesonline.co.uk, July 23, 2002; Warren Hoge, "A Radical Who Backs Gays and Women As Clerics Will Lead Anglican Church", *The New York Times*, July 24, 2002, p. A3.

